

# AE

APRIL, 1983

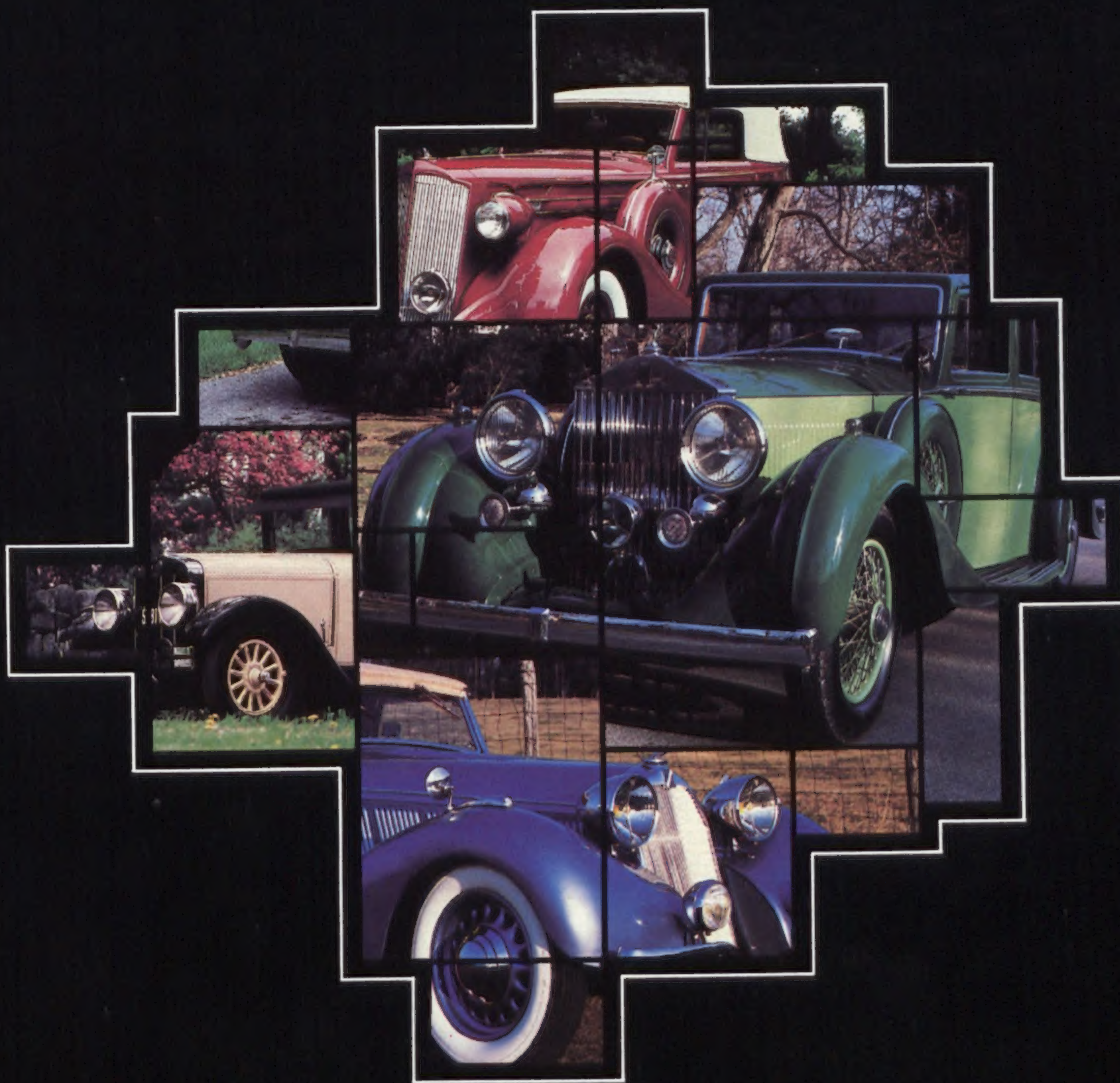
## automotive executive

The Official Publication of the



NATIONAL AUTOMOBILE DEALERS ASSOCIATION

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## Dealer Reputation

Dealer reputation is a hard-won keystone of success in our business. It's more important than a license to sell cars. It can be more important than the most modern facilities and service equipment. And it can be your best salesman, too.

A dealership does benefit from first-class products, a solid service operation and quality employees. But the reservoir of goodwill can be severely eroded by a single irritated customer or negative community publicity.

A good business reputation requires a dealer's constant attention, and it's worth every moment we can give it. Our reputations bring in repeat business, and repeat customers remain the basic measure of success to a new-car franchise. They mean financial success.

Dealer reputation should not be confused with the modern concept of "image." It is not the product of an ad salesman or a publicity firm's imagination. It's based upon quality products and services, fair treatment for customers and good business practices. It's whole cloth, very much a measure of performance.

NADA's Code of Ethics sums up the reasons for the excellent reputation of our members. We think the 10 recommended business practices outlined below are worth repeating. We know they are the buttress behind the success of NADA members. We also think that they're worth noting for others—including our customers.

We subscribe to the following principles and pledge to:

- Operate our business in accord with the highest standards for ethical conduct.
- Meet our customers' needs for transportation in a knowledgeable and professional manner.
- Advertise our products in a positive, factual and informative manner.
- Provide knowledgeable, trained technicians for skilled customer service.
- Detail repair charges to assist our customers in understanding repair work performed.
- Upon request, provide written estimates of any service to be performed.
- Resolve misunderstandings in a prompt and courteous manner.
- Obey and uphold all state and federal laws and regulations concerning financing, insurance, taxation, licensing and titling of all vehicles sold.
- Never alter the odometer reading of any motor vehicle.
- Put our promises in writing and stand behind them.

It's hard to argue with success.





# Executive Notes

**Comeback for V-8 engines.** According to the Automotive Information Council (AIC), V-8 engines of 5 to 5.7 liters made up 21 percent of total North American car production in 1982, compared with 16.7 percent in 1981. V-8 popularity has grown due to stable fuel prices, which spurred renewed interest in larger cars, and the fact that V-8 engines have become more fuel-efficient in recent years. ■

**Test for experimental windshields.** With government approval, General Motors is producing the first American-built cars with experimental anti-lacerative windshields. If windshields are introduced into widespread use, safety engineers say that facial cuts in accidents could be dramatically reduced.

GM President F. James McDonald says that 2,500 Chevrolet Cavalier and Pontiac 2000 sedans and station wagons will be built for use in a field evaluation of the windshields, which have an additional layer of plastic film bonded to the interior surface. ■

**Mercedes offers air bags.** Mercedes-Benz of North America will offer air bags as an option on some of its 1984-model passenger cars. The air bags will initially be available on several models and, if customer acceptance warrants it, the company will make the option available on its entire line by 1986. ■

**Peugeot's silver anniversary.** To mark its 25th year in the U.S., Peugeot Motors of America is introducing a limited-production automobile, the 1983 Peugeot 505S Silver Edition. The car has an uncommon finish: the paint contains specially designed metallic particles that reflect color from the car's surroundings. Only 2,100 of this edition will be built. ■

**MVMA safety belt presentation.** The Motor Vehicle Manufacturers Association (MVMA) offers a 15-minute slide presentation detailing the advantages of safety belt use. The presentation, entitled "Get It On," shows the effectiveness of safety belts in both preventing and reducing injury severity.

For further information, contact Nils Lofgren, Manager of Safety, Consumer and Regulatory Affairs, Motor Vehicle Manufacturers Association, 1909 K St., NW, Washington, DC 20006. ■

**Want to know more about highway tax changes?** The Highway Users Federation has published a booklet that summarizes the chief provisions of the recent Surface Transportation Assistance Act of 1982.

Copies are available for \$1 apiece (with quantity discounts) from the Highway Users Federation, 1776 Massachusetts Ave., NW, Washington, DC 20036. Requests should be accompanied by a self-addressed envelope with 40 cents in postage. ■

**Space frame.** Pontiac's 2-passenger, mid-engine Fiero, being introduced in the fall, will have the first "space frame" ever used on an American production car. With this type of construction, the body is built as a "skeleton," with exterior plastic panels added later.

The space frame, according to Pontiac General Manager William Høglund, should be superior to other car-building approaches in terms of quality, design flexibility and weight reduction. ■

**Vehicle locator service.** Chevrolet is going nationwide with a computerized vehicle locator service. Already operating on a pilot basis among 91 Chevrolet dealers in Michigan, the new system is capable of locating specific vehicles in dealer inventory anywhere in the country on a moment's notice. The Chevrolet Division is the first in the industry to offer an on-line dealer locator with nationwide access. ■

**Spring thaw for auto sales.** Growing consumer confidence in the economy will spark "a spending boom in the spring that will take everyone by surprise," said a top Toyota executive at a meeting of the Automotive Hall of Fame held at the NADA Convention.

Norman D. Lean, senior vice-president and chief operating officer of Toyota Motor Sales, U.S.A. Inc., said he feels a strengthening economy and falling interest rates will help boost auto sales during the year. He predicted a 13-percent increase in U.S. car sales for 1983 to about 9.1 million units. Light truck sales, he said, will jump 16 percent to 2.1 million. ■

**Increased demand for extended service contracts.** A recent study by an independent marketing research firm for Subaru of America Inc. shows that customer demand for extended service contracts jumped 36 percent since last year. Most dramatic is the increase in the number of women who are prospective service contract purchasers—that figure is up 39 percent over last year. ■

**MPG leaders.** Heading the list of '83 cars that offer the best mileage is the VW Rabbit diesel, at 50 mpg, followed by eight other foreign models. The leading domestic car, the Chevrolet Chevette diesel, follows at 42 mpg. For gasoline models, the leader is the Nissan Sentra at 48 mpg; among domestics, the leader is the Renault Alliance at 37 mpg. ■

**Joint development.** Renault and Volkswagen have concluded a technical agreement to jointly develop and produce a new state-of-the-art automatic transmission. The new transmission, scheduled to go into production in 1985, will be a 4-speed automatic of modular construction, allowing its use in the majority of automobiles built by both Renault and VW. □



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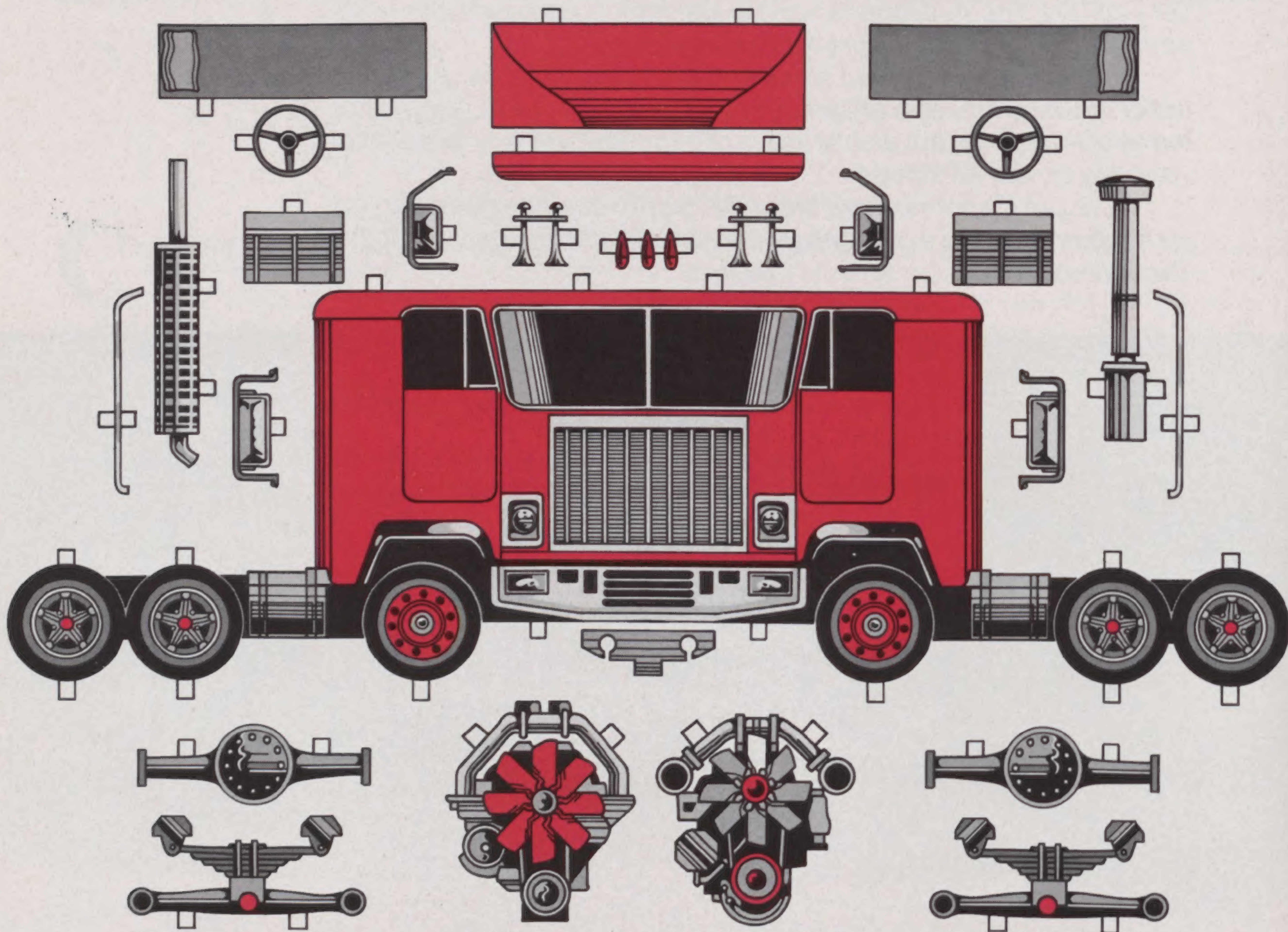


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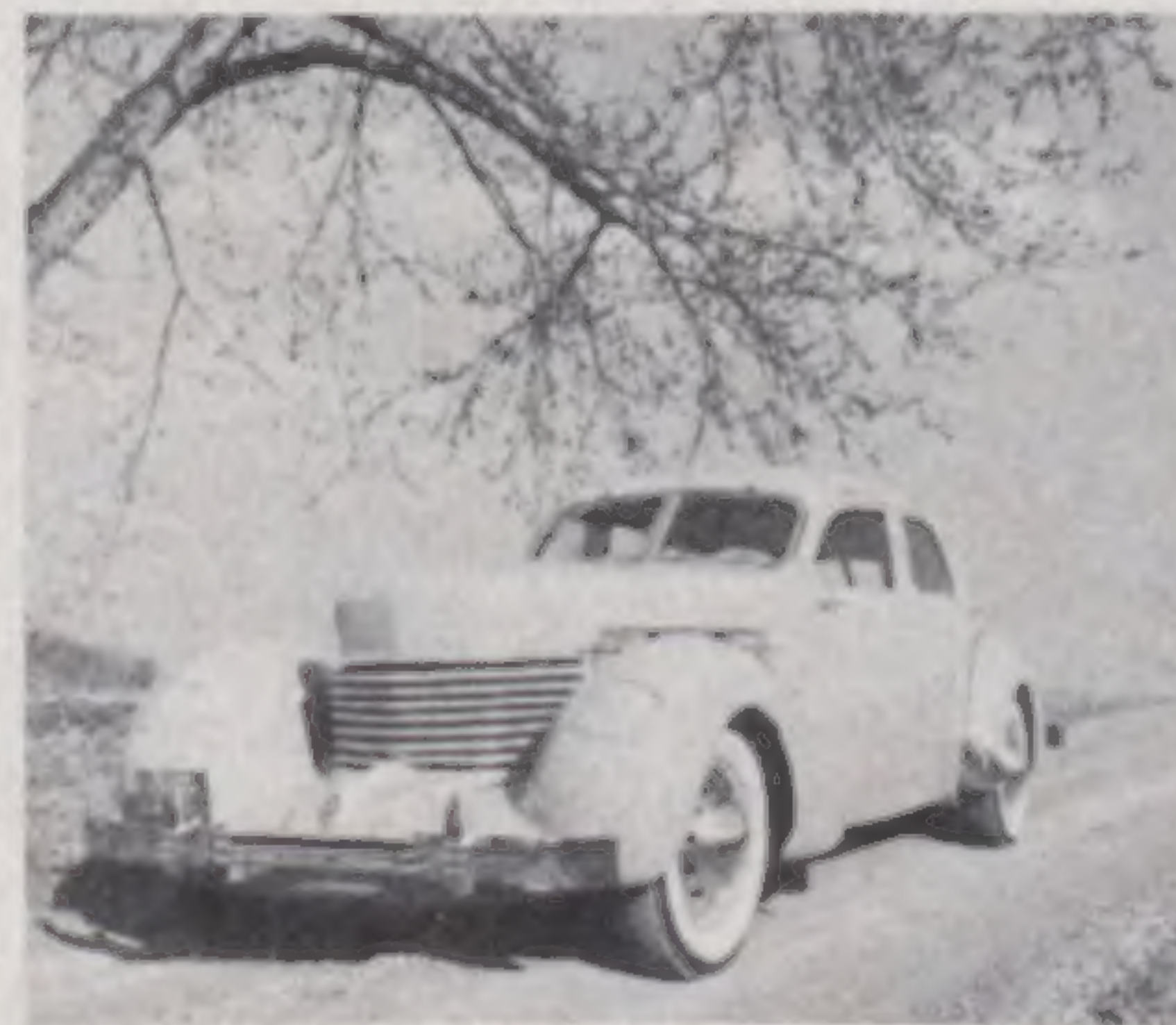
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**automotive executive** (ISSN 0195-1564) is published monthly by the NADA Services Corp., a wholly owned subsidiary of NADA. Subscription rates delivered prepaid in U.S. and U.S. possessions \$12. per year, \$15. elsewhere. Single copies delivered prepaid \$2. Multiple subscriptions available at discount rates. Second-class postage paid at McLean, VA and additional mailing offices. Copyright 1983 by the NADA Services Corp. The statements and opinions expressed herein are those of the individual authors and do not necessarily represent the view of **automotive executive**, the NADA Services Corp. or the National Automobile Dealers Association. All communications should be addressed to **automotive executive**, 8400 Westpark Dr., McLean, VA 22102. Postmaster: Send address changes to **automotive executive**, 8400 Westpark Dr., McLean, VA 22102.

## features

### Restoring The Classics Of Yesteryear



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Tucked away in White Post, VA, is one of the world's most successful antique auto restoration facilities.

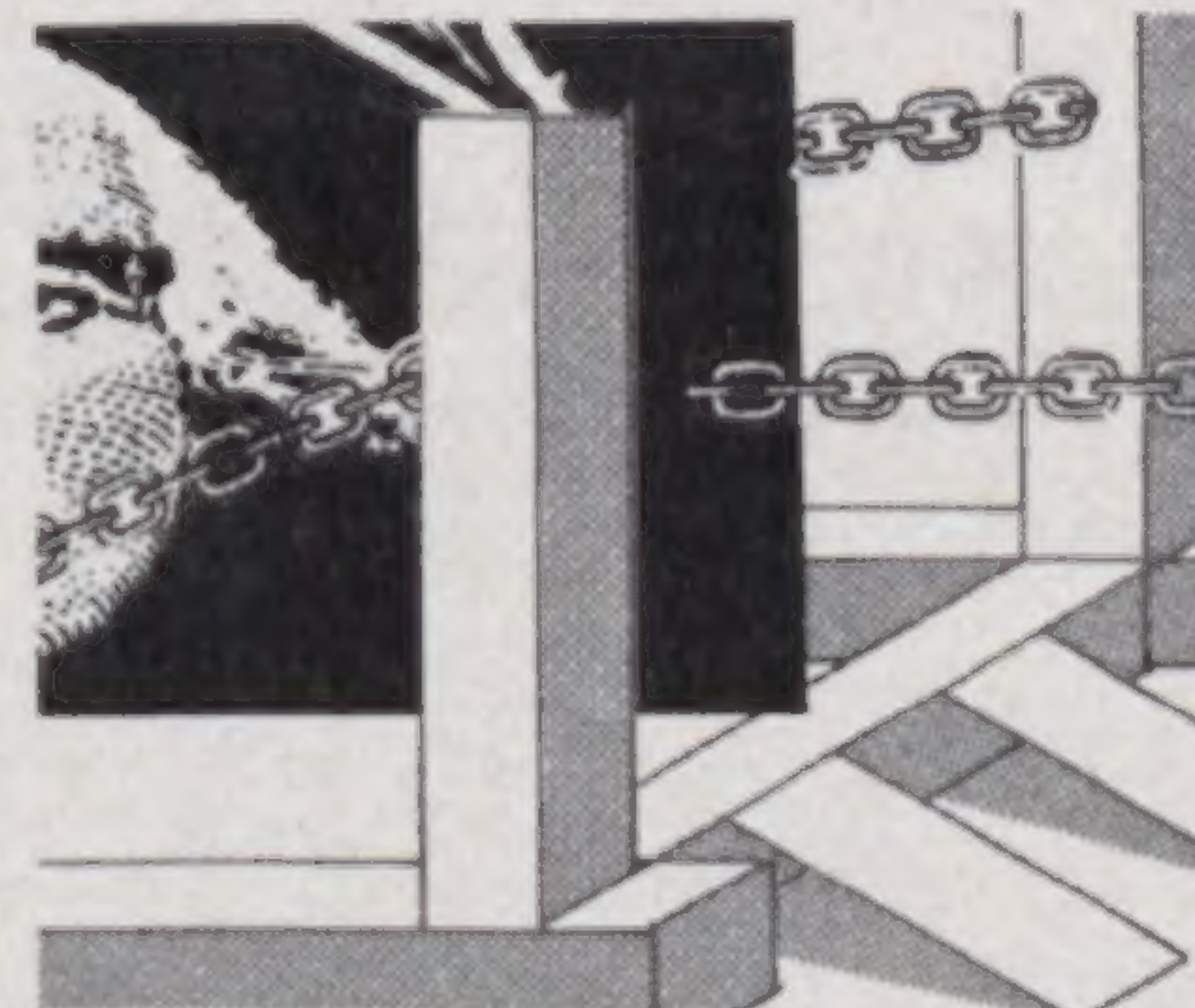
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## Three Pressing Concerns

**T**hree bills were introduced in the House of Representatives in early February that are of great interest to franchised dealers. The first, H.R. 1415, introduced by Congressman Gene Taylor (R-MO), would eliminate payments that an automobile manufacturer may now make to leasing companies to subsidize fleets. Stating that the effect of fleet subsidies on consumers and dealers is unknown, Congressman Taylor introduced H.R. 1415 with "the hope that it will serve as a vehicle for congressional hearings to more fully illuminate the facts surrounding fleet subsidies and their effect on American automobile consumers."

Briefly summarized, H.R. 1415 would:

- Prohibit a manufacturer from selling an automobile to any person, company or automobile dealer at a price lower than it sells the same model to all automobile dealers throughout the nation during the same time period.
- Prohibit a manufacturer from imposing restrictions on some automobile purchasers that are not imposed on all purchasers.
- Prohibit a manufacturer from providing cash rebates, discounts, free options, refunds or other incentives to some automobile purchasers that are not offered to all other purchasers of the same model during the same time period.
- Provide an exception for sales to units of federal, state or local governments, so that they may purchase automobiles at a lower price than other purchasers.

H.R. 1415 was jointly referred to the House Judiciary and House Energy and Commerce Committees.

### Odometer Tampering

The second bill of interest to NADA concerns odometer tampering. Introduced by Congressman John Dingell (D-MI), chairman of the House Energy and Commerce Committee, H.R. 1320 is designed to help protect used-car buyers from odometer fraud. The bill would require the creation of a permanent record of a vehicle's odometer readings on that vehicle's annual registration card and certificate of title. This record would provide a basis to trace and prosecute violators.

The bill provides for the following:

- Once a motor vehicle is sold, that vehicle may not be registered or licensed for use in any state unless the application by the new owner for a certificate of title is accompanied by the prior owner's most recent vehicle registration card.
- No registration card may be issued in any state unless it includes an odometer reading.
- The certificate of title issued by the state to the new owner

must indicate the odometer reading as of the day of transfer. This reading must be printed on the title in bank note style intaglio printing process.

Recent studies by the National Highway Traffic Safety Administration (NHTSA) estimate that consumer fraud through odometer tampering

costs consumers more than \$2 billion a year. NADA is planning to work with NHTSA, state attorney generals and vehicle administrators to press for stricter enforcement and for more effective measures to detect fraud.

H.R. 1320 was referred to the House Energy and Commerce Committee.

### Domestic Content

Congressman Richard Ottinger (D-NY) has reintroduced a "domestic content" bill, H.R. 1234, which is almost identical to the bill that passed the House of Representatives by a 215 to 188 vote during the last days of the 97th Congress.

H.R. 1234 requires that automobile manufacturers have a fixed percentage of a car's content (parts and labor) added in this country. The specific percentage of domestic content required of a manufacturer would be determined by the number of cars sold in the U.S.

During the last Congress, NADA opposed the domestic content bill and will do so again this Congress. To date, no hearings have been scheduled on H.R. 1234. NADA will keep its members abreast of developments as they occur on this important issue. □

This column is prepared for *Æ* by the Legislative Division of the National Automobile Dealers Association. All comments or questions pertaining to this column should be mailed to: *On The Hill*, automotive executive magazine, 8400 Westpark Dr., McLean, VA 22102.





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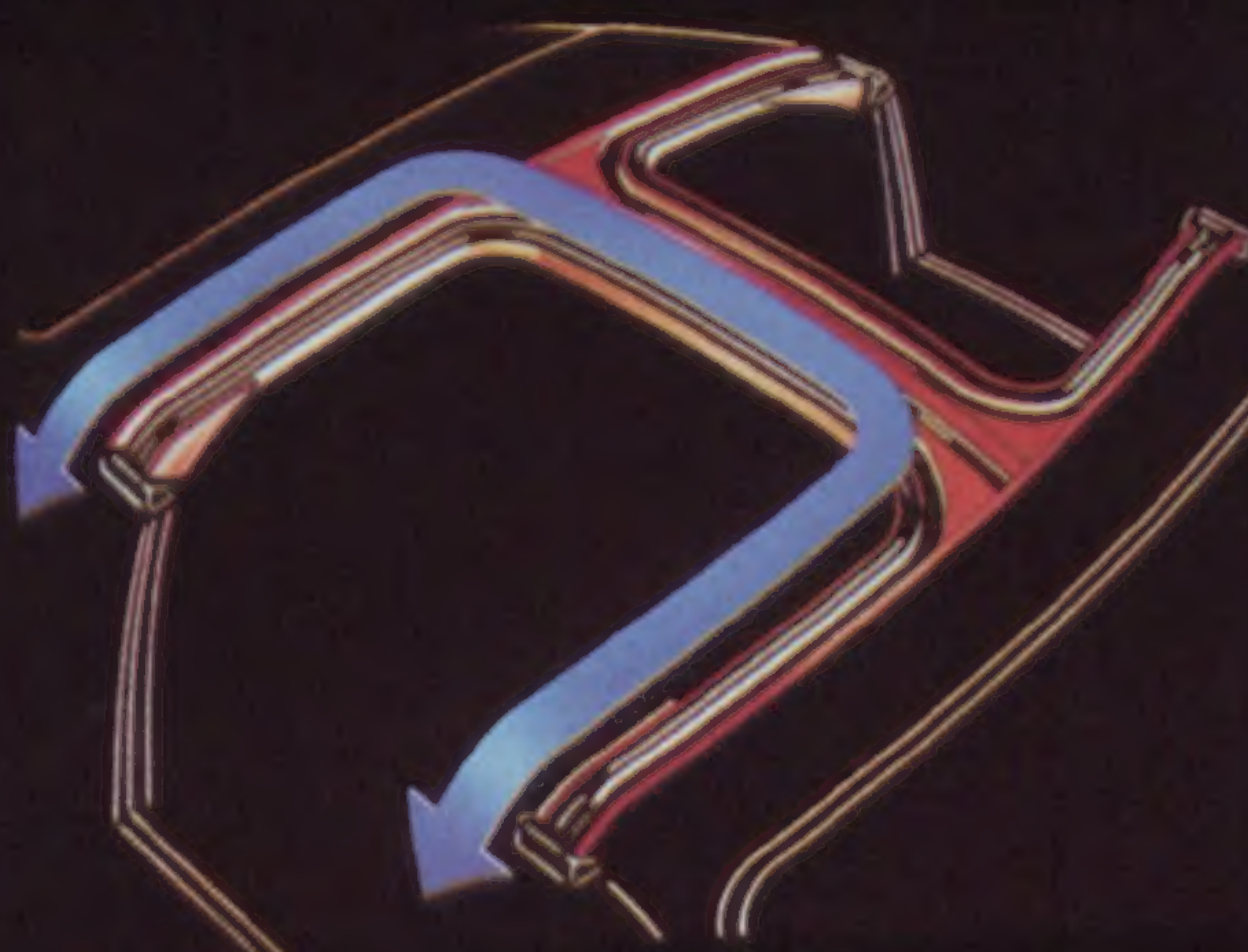
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# Restoring the Classics of Yesterday

by John Bentley



**N**estled in the foothills of the Blue Ridge Mountains of Virginia is a small, unspoiled village called White Post. Within walking distance of town, there stands a white painted post planted in 1750 by George Washington under orders from Lord Fairfax, as a guidepost to the Dutch Wagon Trail. The village of White Post has changed little in over two centuries, and today still has a population of only 200 people.

A less likely place in which to locate a multi-million-dollar business would be hard to find. But here, in White Post, is one of the most modern—and successful—antique automobile restoration plants in the world. Inside the doors of White Post Restoration dented junkyard heaps from decades past are transformed into stunning showpieces of grace and beauty. The impeccable quality of the work performed by this facility has earned it a top reputation among antique auto buffs worldwide.

Nostalgia no doubt plays a large part





Far left: 1931 Ford Model A Roadster  
Left: 1937 Talbot Lago



1936 Packard Twelve

in White Post's desire to reconstruct a glamorous, bygone era. That era was the rich, often garish but never dull time of F. Scott Fitzgerald, Gloria Swanson and Isidor Duncan; of super ocean liners competing for the blue ribbon of the Atlantic, and of elegant motor cars.

Billy Thompson took over White Post in 1958 when his father, who was primarily in the feed and grain business, passed away. His first "restoration" was a Model A Ford, followed by several Model T's. With two assistants, he took in work at \$3.75 an hour, which in-

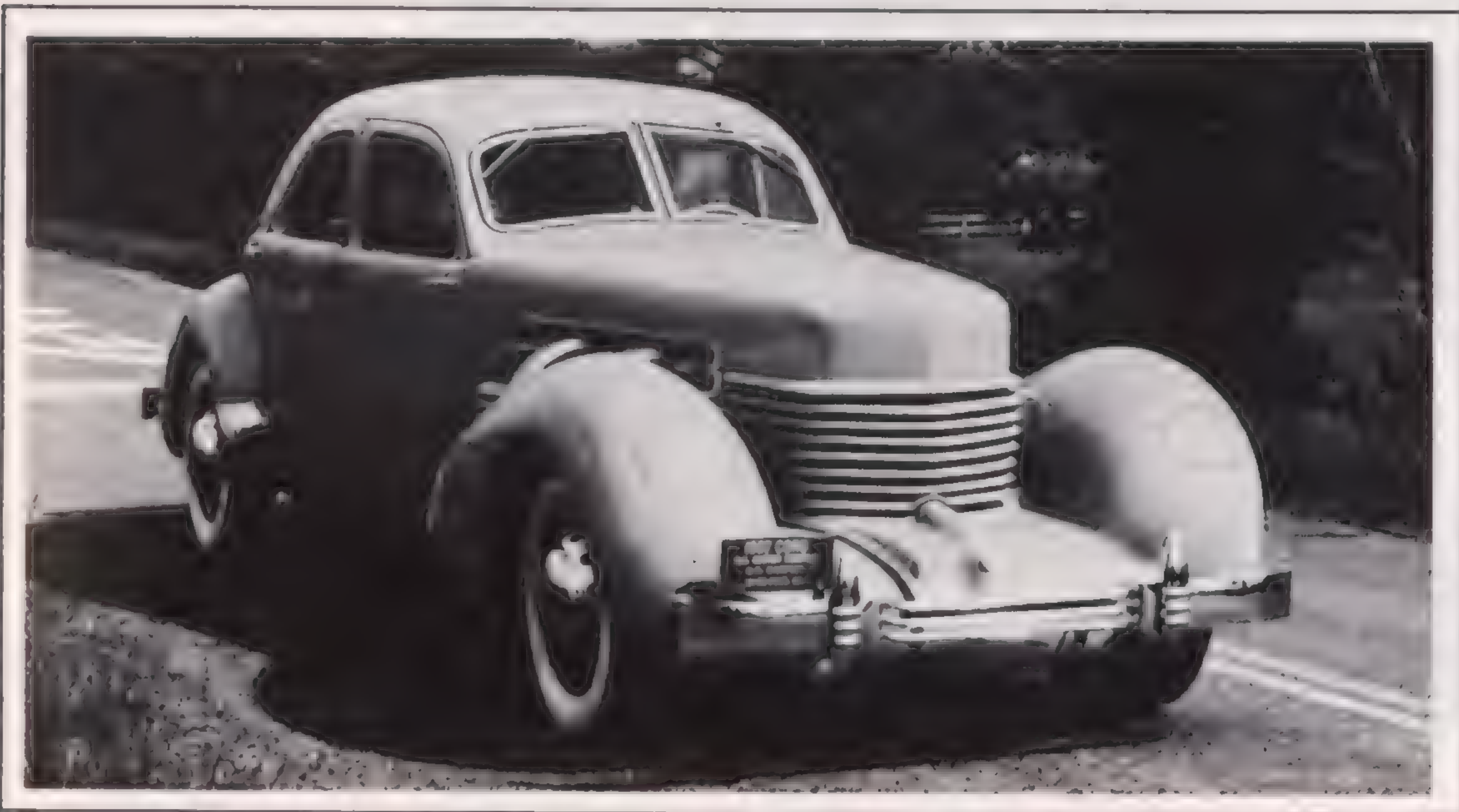
The president of White Post Restorations, W. R. "Billy" Thompson, is a spare, mustachioed man right out of the Cap and Duster days. His often somber expression breaks into a smile of pure pleasure when you mention Cord, Auburn, Duesenberg, Packard, Rolls-Royce, Mercedes-Benz and some of the other elegant cars of yesteryear.

cluded repairing farm machinery and an occasional Packard.

In 1970, with 12 years of experience, White Post began specializing in "frame-up" restorations. Business quickly mushroomed and labor charges rose to \$5 per hour, and six months later to \$10. Today, the firm charges at least \$25 per hour for its work, and is able to pick and choose its assignments. During the past decade, White Post has done about 350 restorations. About 30 different makes in all have come through the shop.

Where do White Post Restorations' customers stand in the socio-economic ladder? Well, they're certainly not hurting for a buck. Half of them are doctors, with a sprinkling of psychiatrists and even a root-canal specialist. Twenty percent are attorneys and another 20 percent are corporate executives. The rest of the firm's customers are a mix of airline captains, college teachers and retirees. Their average age is 50, and the bond they have in common is a strong





Witness the "miracle" of restoration. Pictured at the top is a 1937 Supercharged Cord as it arrived at White Post. Above is the same Cord, transformed by White Post technicians into a national show winner.

sentimental attachment to their cars.

White Post Restorations not only has enough clients to keep 30 employees busy year-round on a 5-day workweek, but there's always a 6-month backlog of antique car owners waiting for their historic vehicles to undergo a cosmetic and mechanical rejuvenation. Hard to believe? A VIP tour of the 3/4-acre White Post compound convinced me.

### Inside The Shop

White Post Restorations is divided into six separate work areas. There's a body and paint shop, a sheet metal shop, a woodworkers' section, a mechanical area, a machinists' shop and an upholstery shop, run by a husband and wife team. In addition, White Post has a separate quality control section, parts department and office area, as well as a storage area for completed cars.

The quality control section serves as a reception area and "filter" for the

whole operation. When a car first arrives for restoration work, this is where it is examined. White Post has firm standards regarding what types of cars it will work on, and in general won't handle anything built after 1948.

In charge of work assessment is Greg Cone, "Mr. Knowledge," a blueprint specialist and machinist from Winchester, VA. Greg drives an unrestored 2-cylinder 1914 International Harvester high-wheeler. He can do anything from advising on minute tolerances to handling a complete restoration.

We pause before a 1937 Cord Westchester 4-door sedan, partly dismantled. These front-drive machines were built in two units—the engine, transmission and steering in one package, the rest of the car in the other.

"This," Billy smiles, "is an object lesson in incompetence."

"How so?" we ask.

"Well, one shouldn't knock the com-



Billy Thompson, owner of White Post, behind the wheel of a 1929 Model A pickup.

petition, but there are limits. Our PR man, Dave Plank, gave a slide presentation to some antique car buffs in Lakeland, FL, and handed out our brochure. The owner of this car listened to the talk and nearly hit the roof. He'd been taken by some rinkydink outfit that claimed to do restoration work. They quit in the middle of a botched job. The frustrated owner had the car shipped to us and gave the go-ahead for a frame-up restoration. Guess how many things we found wrong?"

"I give up."

"Tommy Larrick, our Cord specialist, uncovered more than 100 errors! They used metallic paint that didn't exist in those days. The upholstery was the wrong material and design. The windshield frame was taped on because they couldn't make it fit. The firewall was cut away to run some electrical wiring through. Plates were bolted to the engine block to hide cracks. The bumper guards didn't belong. The Star-tix solenoid was missing . . . and on and on. It's going to take time, but we'll get it right. And it'll be authentic!

"Anything we can't find or restore, we make ourselves," Billy explains. "We can cast metal and machine it from a solid billet. You name the job, give us a blueprint or some usable pictures, and we'll take it from there. You'll never know the difference. Matter of fact you will! Our product is always better because metallurgy and modern technology have taken giant strides since those early days."

### Attention To Detail

White Post uses only original pattern screws, nuts and bolts. If such parts are unobtainable, they're specially made to exact specs—metric or SAE. The same is true of latches, door handles, hinges, speedometer parts—even cigar lighters. An ingenious silk-screen process is used to duplicate all gauge faces.

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**Mike Edwards**

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He says, “There’s no one that can hold a candle to Mike Edwards and Western Diversified. From the top management on down, they’ve put together a team of professionals that consistently give me superior performance in all categories. I’ve been in the business for 25 years, and I’ve seen many F&I companies, and as far as I’m concerned, Western Diversified is by far the best. I can sum it up in one sentence: This year versus last year, Western Diversified raised our F&I and warranty profit by \$51,000.”

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ceives a detailed report of the restoration progress during the previous 14 days, together with a photo and a bill. He sends his check, and the work continues. It usually takes six months to a year to complete a restoration.

"No check has ever bounced yet!" Billy grins. "That must be something of a record."

"Who does the paperwork?"

"Joyce and Jill Gagnon, a mother and daughter team who also help me as tour guides. On an average, we give some 300 people a guided tour of White Post every week. Joyce fields a lot of ques-

tions and takes our phone calls. Shall we go on? There's much to see.

"We're now in the mechanical area run by Charles Welsh," Billy points out. "He came to White Post right out of high school to work for my father, 34 years ago. Today, he's the expert on 12-cylinder Packards. But here's our showpiece."

Before us stands a partially assembled Mercedes-Benz Cabriolet of incredible beauty and elegance. The property of Bill Marriott, president of the Marriott hotel chain, the car formerly belonged to Baron Manfred von

Brauchitsch, son of the World War II German Field Marshal.

"Isn't this the supercharged 500K model?" we ask. "About 1934 vintage?"

"You've got it," Billy nods. "Mr. Marriott bought the car—pretty much a basket case—for a considerable sum. By the time this restoration is completed, the cost in labor and parts will run to twice the purchase price. But eventually, as a show car, this will probably become the most valuable car in the world. It's unique and better than new."

One can believe that. The quality of the workmanship that has gone into this

## Want to know more about classic cars?

**L**ove affairs with automobiles do not always begin and end with the new car. Many dealers have become interested in older cars, enjoying the hobby of restoring or collecting the classics of days gone by. For those who want to learn more about antique and classic autos, *Æ* has compiled this partial list of publications and clubs.

### Publications

*Antique Automobile* (bi-monthly). Antique Automobile Club of America, 501 W. Governor Rd., Hershey, PA 17033.

*Antique Motor News* (monthly). Walter R. Drew, 919 South St., Long Beach, CA 90805.

*Bulb Horn* (bi-monthly). Veteran Motor Club of America, 105 Elm St., Andover, MA 01810.

*Car Collector and Car Classics Magazine* (monthly). Classic Publications Inc., Box 28571, Atlanta, GA 30328.

*Car Exchange Magazine* (monthly) and *Old Cars Weekly*. Krause Publications Inc., 700 E. State St., Iola, WI 54990.

*Cars and Parts* (monthly). Amos Press Inc., Box 482, Sidney, OH 45367.

*Classic Car* (quarterly). Classic Car Club of America, Box 443, Madison, NJ 07940.

*Horseless Carriage Gazette* (bi-monthly). Horseless Carriage Club of America Inc., 9031 E. Florence Ave., Arrington Square, Downey, CA 90240.

*Milestone Car Magazine* (quarterly) and *Mile Post Newsletter* (bi-monthly). Milestone Car Society Inc., Box 50850, Indianapolis, IN 46250.

*V-Eight Times* (bi-monthly). Early Ford V-8 Club of America, Box 2122, San Leandro, CA 94577.

### Clubs

Antique Automobile Club of America, 501 W. Governor Rd., Hershey, PA 17033.

Auto Restorers Club, Box 138, Eagle Lake, MN 56024.

Buick Club of America, P.O. Box 898, Garden Grove, CA 92642.

Classic Car Club of America, Box 443, Madison, NJ 07940.

Early Ford V-8 Club of America, P.O. Box 2122, San Leandro, CA 94577.

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The International Edsel Club, P.O. Box 69, Belvedere, IL 61008.

Milestone Car Society Inc., Box 50850, Indianapolis, IN 46250.

Model A Restorers Club, 24712 Michigan Ave., Dearborn, MI 48124.

Model T Ford Club of America, P.O. Box 7400, Burbank, CA 91510.

National Antique Oldsmobile Club, P.O. Box 483, Elmont, NY 11003.

The Packard Club, Packard Automobile Classics Inc., P.O. Box 2808, Oakland, CA 94618.

Shelby American Automobile Club, 22 Olmstead Rd., West Reading, CT 06896.

Sports Car Collectors Society of America, 201 San Pablo Rd., Jacksonville, FL 32225.

Veteran Motor Car Club of America, 105 Elm St., Andover, MA 01810.

Vintage Chevrolet Club of America, P.O. Box 5387, Orange, CA 92667.

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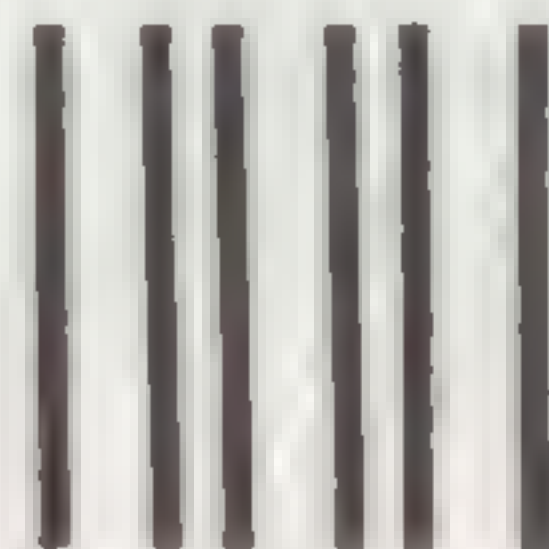
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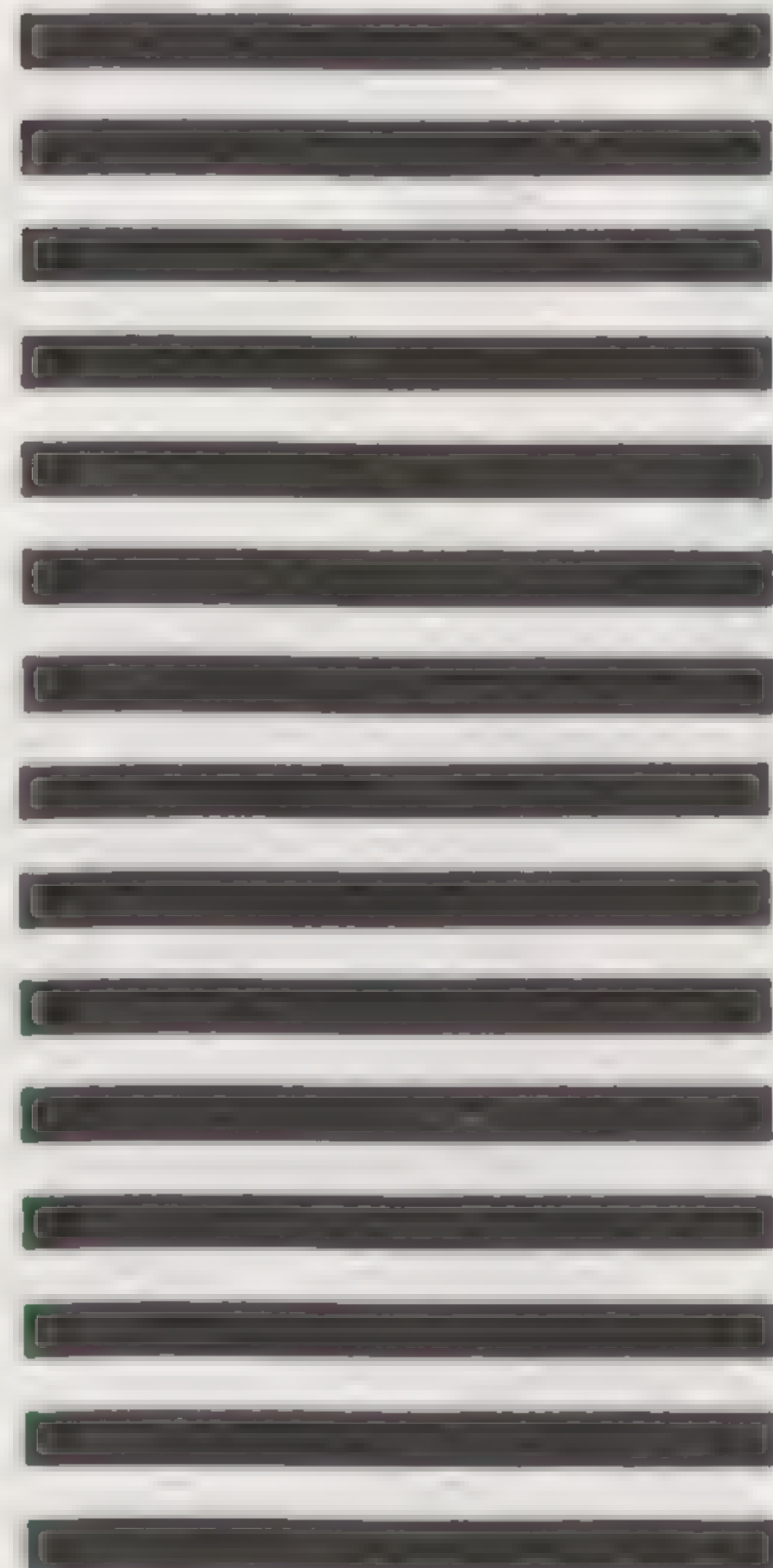
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*Relentless attention to detail is one of White Post's trademarks. In the upholstery shop (top left), only the finest authentic materials, such as Scottish hides, are used to restore interiors. As soon as the car is disassembled (top right), each part is tagged and sent to various departments for cleaning and rebuilding. Wood components are custom-made in White Post's own shop (right). In the mechanical area (left), cars are reassembled piece by piece. In this case, it's a 1934 Mercedes Benz 500 K.*

near-perfect restoration is unbelievable. The dashboard, for example, was created from Brazilian rosewood with inlays of sliced, laminated animal horn compressed in plastic. The car's deep, rich-hued paint job is in itself a masterpiece of coachcraft that far surpasses what came out of the factory.

"It's already had countless coats of hand-rubbed lacquer," Bill points out. "And we're not through yet."

To meet White Post standards, a finished paint job must reflect a 28-inch-long ruler, held vertically! Credit for paint quality goes to Charles Frantz, who runs the body and paint shop. He's been at it all his life.

The 500K's engine, supercharger and transmission, totally dismantled and rebuilt to standards exceeding factory specifications, project a gleaming perfection that is hard to describe.

"But many of these parts were unobtainable even before World War II," we point out. "Where on earth did you get them?"

"We made them," Billy says, not without pride. "Take one of the simpler

things. The air cleaner. It was a total ruin. We built an exact duplicate from 36 separate parts."

The immaculate 6-cylinder engine, a symphony of machine-turned stainless steel and aluminum rebuilt from the bare block up, has already run 7.3 miles on the dyno and come through with flying colors. It generates 100 horsepower normally; 170 with the blower in action. The supercharger alone required the reproduction of 44 separate clutch discs, the first job of its kind ever attempted since the car was built.

Rewiring is a phenomenal task in itself. All electrical circuits are renewed in authentic, original color coding. Here, indeed, is the proof of an uncompromising search for perfection.

#### **A Shining Silver Shell**

On to the sheet metal shop headed by Craig Naff. "He commutes 30 miles daily to and from his job," says Billy. "That's devotion."

Fabricated sheet-metal components—fenders, doors and hoods—are lined up in neat rows. In one corner

stands what we recognize as a massive body hammer.

"Pattengill, 1920," Billy says. "Came from the Auburn automobile factory. It shapes metal to any form you want with those dies you see."

"But that's more than 60 years old."

"And as good as ever!"

But the prize exhibit is a magnificent Rolls-Royce radiator with a dazzling shine.

"The shell is made of German silver," we learn. "Today, it's worth \$10,000. The core alone cost \$1,500. But talking about metalwork, we never use fiberglass, putty or other filling materials. Only liquid solder is applied, then carefully filed down. Do you know, there's so much plastic junk in modern cars that if you were to isolate one in a vacuum for a decade or so, there would be nothing left but a pile of dust dotted with metal parts!"

We proceed to the woodworkers' section under Mike Brown, master cabinet-maker, where more fastidious workmanship abounds. Wood is steamed (one hour per inch) to soften it so that it can be smoothly curved to the desired shape. It is then glued together in layers held in place by clamps and allowed to dry thoroughly.

"In reproducing or repairing the framework of a door," Billy points out, "accuracy must be absolute. A fraction of an inch off and the door won't hang properly or shut smoothly. There's no margin for error."

Mike and two other full-time workers are restoring a 1940 Ford V8 station wagon with a body made of maple and



birch. The wagon has been in the same family for 42 years, and a new tailgate has just been fashioned to replace the rotting original. It's impossible to tell the difference.

Other work going on includes a new laminated instrument panel for a 1936 V-12 Rolls-Royce. This is craftsmanship no longer seen in the making of modern furniture.

Next, we visit the machinists' shop, where Howard White, "a wizard with a lathe," is in charge.

"Because of the highly specialized fabrication that goes on here," Billy explains, "this section might not have been profitable. As it happens, Howard has ample work to keep him busy. We've built-up a worldwide trade, restoring brake cylinders by pressing brass inserts in them to make them proof against pitting and corrosion. The demand isn't limited to our private customers. We get orders from South Africa, Germany and Hawaii. On the average, we rebuild 150,000 brake cylinders a year. It adds up."

In the body and paint shop, the massive bare frame of the 1936 Rolls rests on stands. The engine and wheels have been removed; the body dismantled so that large areas of rotting wood can be replaced. The entire chassis is painted with a 3-part mix of polyurethane, epoxy and lacquer, the same as all bodies and sheet metalwork. The whole is buffed, hand-rubbed and waxed.

"It doesn't matter whether people can see it or not," Billy smiles. "We *know* the job is done right. It's perfectly clean and rustproofed forever."

Last but certainly not least is the upholstery shop, the exclusive preserve of Bob and Peggy Grant.

"Bob will tackle anything in this line," Billy says, "but he only uses authentic materials, such as Scottish hides and American glove leather."

Materials come from six different mills, and sometimes all the Grants have to work with is an old picture from which they take scale measurements. Right now, they're reconstituting the back seat of a 1933 12-cylinder Pierce-Arrow—the rare Silver Arrow of which only six were built at \$10,000 a copy.

"By the time they've finished a job," says Billy, "every pleat, every button is exactly as the original, and the pattern matches precisely. Even the stitching is identical."

Equally fascinating is the equipment used by this husband and wife team: a

Fortuna sewing machine made by Skyver between 1902 and 1910 and a Puritan dating back to 1893. Ralph Wilfong, the parts specialist, expedites the flow of parts and materials through White Post. Ralph is perpetually checking stock and ordering additional parts from thousands of sources nationwide. Without his precise ordering system, White Post Restoration would come to a halt.

### The End Of The Line

In the storage building are restored cars awaiting pickup by their eager owners. This long row of garages must be the antique car buff's ultimate dream. Here's a 1935 Lincoln V-12, standing cheek to cheek with a 1912 International Harvester high-wheeler with chain drive, restored to brand new condition. The bright red and glossy black lacquer and unworn solid rubber tires are an alluring sight.

"It sold for \$950," Billy says. "Today, who knows?"

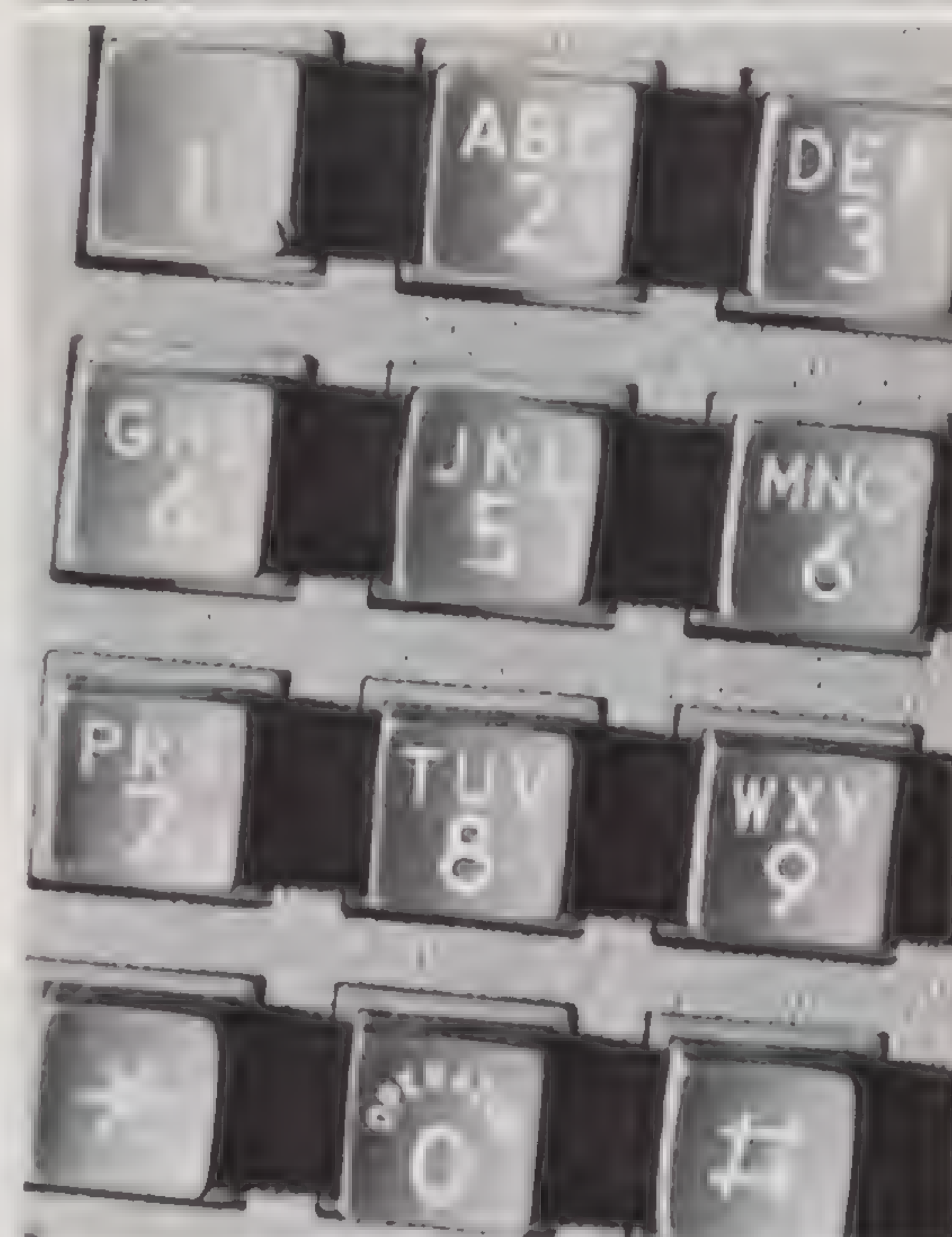
Many other antique beauties are parked in the garage awaiting a pampered life. They'll be driven perhaps once a month just for fun, or trailered to nationwide Concours D'Elegance Shows. But the prima donna is a 1937 silver and maroon Packard Super Eight Town Car. Perched on its radiator cap is a rooster made of hand-cut French crystal. Authenticity has been carried to the point where a genuine 1937 dollar bill is tucked away in a wallet in a veneer pocket at the back, just for tips!

It's obvious by now that Billy Thompson and his staff are one of a kind. Perhaps the strongest recommendation for a job applicant is genuine enthusiasm. Skill at more than one trade also counts.

Job seekers write or call daily from almost everywhere in the United States. Some 200 applications are kept on file and updated, but personnel turnover is next to nil. Job satisfaction and fair treatment breed a fierce loyalty to the boss and the business. It bothers no one that ponytails are not allowed; that cleanliness is indeed regarded next to godliness.

Every employee must learn the terminology used on labor sheets. It's a fuel tank, not a gas tank. You fabricate a part—never make it. The term is lubrication, not oiling or greasing. An engine is installed, not mounted. A differential is just that, not a rear end. And above all, restoration is the key word! □

## F.Y.I.



For easy access to NADA member services, use the following direct-dial telephone numbers. NADA business hours are 8:30 a.m. to 4:45 p.m. eastern time, Monday through Friday. For services not listed, call (703) 821-7000.

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# The Service Department

## Repair Orders

**T**he importance of a well-written repair order to your service department should never be overlooked. As a contract, the repair order serves as a binding document for transactions between customer and dealer. As a sales tool, it can enhance your entire department's performance. And as a source of records, the repair order provides a thorough history of labor and warranty work.

A repair order is important to many people in the dealership. The service writer uses the repair order to record sales, the technicians to obtain instructions, and the parts counterperson to move inventory. In the office, repair orders are used by the cashier for collection. The bookkeeper uses them for accounting and the warranty processor for coding. With so many people in the dealership depending on repair orders for information, it is critical that the form be designed properly. An incomplete form results in wasted time, loss of revenues and lower levels of customer satisfaction.

A proper repair order should not only comply with local laws and factory policies, it should be functional in ways that will speed up its handling by all concerned. The service writer, for example, needs plenty of room for "header" information. The serial number block should be divided into 17 sections so that the writer can correct errors immediately. The "quick service" section, which usually includes lubrication, oil changes, alignment and tune-ups, should be expanded to include other repairs and services you offer.

Consider using a numerical system for repairs you perform most frequently. This system helps prevent misunderstandings caused by poor handwriting. When a customer comes in for a common repair, all the service writer has to do is check off the appropriate number on the order (i.e., No. 2 for wheel alignment, No. 4 for a tune-up). If you decide to use this form, make sure you leave plenty of room for the writer to provide detailed instructions when necessary.

Because the repair order serves as the customer's verification of purchase, he must sign the order before work can begin. At many dealerships, however, the customer has to sign the form in several different places. This can be bothersome. Often, it is legally possible to combine all the statements on your repair order so that only one signature is required. Check with your attorney. If it is possible, instruct your service writers to request customers to approve the entire repair order with one signature, rather than asking them to "please sign here" repeatedly.

On the back of the hard copy of the repair order, a diagram of a car should be printed. As the writer completes the order,

he should also indicate on this diagram any places where the car's body is damaged. This serves a 2-fold purpose. First, it encourages your writers to sell body work, and second, it prevents the customer from accusing you of damaging his vehicle while it's at your dealership. When your writer spots some damage, he should ask the customer if he would like an estimate prepared at no charge. It's amazing how much work this can generate.

Any repair order should also have a section for information related to the repair, such as parts that need to be returned to the customer, method of payment, time of pick-up and other special instructions. Include room for a brief thank-you message.

### Tracking Workflow

The person who generates the repair order is the one who needs the most training. The information acquired during the initial customer contact must be as accurate as possible. The customer's prime concerns should be written first in a section marked for that purpose. Most customers are not receptive to additional sales until they feel their initial problems have been addressed.

Security of repair orders usually doesn't receive enough attention. Most dealerships simply use a check-off list to account for their repair orders. This is not enough, because there is much room for possible abuse. Repair orders should all be pre-printed with sequential numbers. Store them in a secure place, and appoint one person responsible for removing them.

A lock box located at the service desk is best for storing copies of orders in process. One copy of every repair order should be inserted into the box after the customer signs off on the job. Every few days, the copies should be removed and reconciled with others circulating through the dealership. Ideally, orders should not be closed by the person who wrote them. This helps prevent employees from converting pay work into warranty work when friends come into the shop.

A phrase that's popular in the computer world applies equally well to service departments: "Garbage in, garbage out." The quality of your technicians' work depends closely on the information they receive. Training all your employees to use repair orders properly can help you maximize your resources. □

This column is prepared exclusively for *AE* by Ron Joffe, Service Director, Straub Motors Inc. All questions or comments pertaining to this column should be mailed to: The Service Department, automotive executive magazine, 8400 Westpark Drive, McLean, VA 22102.





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# GMC'S DON ATWOOD TALKS TRUCKS



by Gary James

**T**he companies that are going to survive and prosper during the rest of this decade are the ones that have something technologically unique to offer," says Donald Atwood, vice-president of General Motors' newly formed Worldwide Truck and Bus Group. "That goes for dealers as well as manufacturers."

Atwood met with *Æ* during NADA's recent convention in Las Vegas, NV. In an interview conducted by Art Irwin, chairman of the American Truck Dealers Division, Atwood shared his views on the recent tax changes, developments in the marketplace and the industry's prospects for recovery.

Though the last few years have been rough for truck dealers and manufacturers, Atwood says he's optimistic about '83 and beyond. "The economy will recover, and when it does, trucking will play a major role. Historically, upturns happen first in consumer-related areas such as passenger cars and housing.

"Light-duty sales—compacts, vans, pick-ups and utilities—are already coming back," he says. "Increased demand for medium and heavy-duty trucks will probably lag behind by six to eight months."

As a result, Atwood says, medium and heavy-duty trucks sales will remain relatively flat this year. He predicts GMC's medium and heavy-duty sales will be up only 1 to 5 percent. "Looking

ahead, I think we will be fortunate if Class 8 reaches the level it was in 1979 by the end of the decade. But that's not a bad goal to shoot for: 1979 was a great year.

"Overall, the industry should sell about 3.0 million trucks—lights and heavies—here during 1983," Atwood says. "Chevy and GMC will capture about 40 percent of that."

Atwood says the availability of more

ments will provide information on fuel economy and range, and warn the driver about impending problems. Such self-diagnostics will help drivers pinpoint and correct any mechanical malfunctions before they cause costly breakdowns.

"Truckers may have to pay a little more at the outset, but they'll save money in the long run because of better fuel economy and lower maintenance



Art Irwin, president of Irwin GMC, Lima, OH, greets Don Atwood.

sophisticated technology in tomorrow's trucks will help draw customers back to the marketplace. "Improvements in electronics and aerodynamics will greatly improve the truck's safety and driveability," he says. "High-tech instru-

costs. The vehicle will cost much less over its lifetime. And it will also have a much higher resale value. As these new features become available, it will be up to dealers to help us sell them."

Atwood points to one of GMC's heavy-





duty offerings for '83, the Aero Astro, as an example of the improvements that have already been made. The Aero Astro's collapsible "dragfoiler," contoured bumper end caps and air dam reduce aerodynamic drag and improve fuel economy. The truck also has 18-inch wide, fiberglass panels attached to the rear of the cab to reduce air drag associated with crosswinds. "This truck was designed to help combat the rising cost of diesel fuel," Atwood says.

According to Atwood, dealers are going to have to upgrade the quality of their service departments to work on the new technology. "The dealer who has the capability to service the high-technology vehicles of the future will attract most of the business," he says. "To remain competitive, dealers must hire the best service talent available, and keep them up to date."

At the same time as technology grows more sophisticated, Atwood says manufacturers are working to improve the maintenance cycles of their trucks. "There was a time when you had to overhaul a truck engine every 200,000 miles. I think we're headed now toward increasing that interval to 500,000 miles. Our objective is to reduce the cost of maintenance. We'd like to reduce it to zero, of course, but that will never happen."

GMC is also moving to streamline the number of options available on its new trucks. For years, manufacturers and dealers have allowed—and sometimes encouraged—customers to pick and choose their own components when buying a new truck. Customization became popular primarily because of the depressed state of the market, Atwood says. "Everyone was anxious to sell. Rather than trying to talk customers into



buying what we had, we've been too willing to adapt to their needs.

"Suppliers, in effect, have been selling our customers on the idea,

too. The manufacturer ends up assembling an assortment of subsystems. But if we're running an assembly line that makes 1,000 trucks a day, and dropping a different engine and transmission into each one, that's not very efficient. Cost and quality both suffer."

"So we're going to try to standardize our trucks more. We won't eliminate the practice altogether, because some of the larger operators have their own unique requirements, but we will try to cut down on some of the less important options.

"Think of the design and production savings that are possible," he continues. "Eventually we also want to get to the point where we are designing trucks for specific markets, and then assembling them there. That's the concept I see for GMC: a lot of standardization in componentry, but with a wide variety of vehicles worldwide."

#### **Integration and Reorganization**

General Motors took a major step to better coordinate the activities of its various truck groups 1½ years ago, when it created its Worldwide Truck and Bus Group. Within the new group, GM integrated its know-how in truck design, engineering, manufacturing, sales and service into one organization.

"We have pulled our North American and overseas operations into a single unit," Atwood says. "More emphasis will be placed on the overseas side, because that's where the most growth is



expected.

"I think the consolidation will improve our reaction time as far as bringing new products to market. Input won't just be

coming into Chevrolet from Chevy dealers, or GMC from its dealers; we'll be receiving a constant flow of information."

Because there is strong customer loyalty to the names Chevrolet, GMC and Vauxhall (in Great Britain), Atwood says GM will continue to sell, market and service its trucks through the existing system of dealers. "The model mix will stay the same, and so will the nameplates," he says. "In fact, no thought is being given to changing the nameplates at all for at least another five years."

Atwood says GMC will be striving to achieve a greater commonality of design through its new world group. This will permit more worldwide sourcing of components and subassemblies, and ultimately, cut costs. "Our goal isn't to create one truck that can be sold worldwide," he says. "We simply want to cut down on the number of parts that are designed separately for each market."

One cost-related problem GM's Truck and Bus Group faces, Atwood says, is production overcapacity due to decreased demand. "If we have the capacity to build 1,000 trucks per day, but are only building 500, we're still carrying fixed costs for the full amount. And it's not just the fixed costs that hurt us—

*(Continued on page 51)*





## Investing For Your Future

**E**ven as you watch the balance in your IRA account grow, you may still feel you aren't setting enough aside for your retirement. After all, a surge in inflation could reduce the buying power of your nest egg. Or a cutback in Social Security could leave you with less income than you planned.

Given the uncertainty over what economic obstacles lie ahead, safety of principal, liquidity and high yields—important considerations in any investment decision—take on even greater significance for those seeking long-term security.

Fortunately, opportunities for the conservative investor abound. One investment that promises safety and substantial returns, as well as considerable tax-deferral benefits, is the fixed income annuity.

### Tax-Deferred Returns

An annuity is a contract between an individual purchaser and an insurance company in which the purchaser earns tax-deferred returns on the money deposited. After an agreed number of years, the insurance company pays the purchaser a lump sum or a monthly income for a specified period.

The IRS doesn't allow you a tax deduction for the purchase of annuities, although they are usually purchased with after-tax dollars. However, the interest on your principal investment accumulates daily and is compounded annually on a tax-deferred basis. You owe no income tax until you receive your first annuity payment. Once you make withdrawals from an annuity you pay taxes on the interest earned, according to your tax bracket. When you annuitize, the IRS considers a portion of each payment to be a partial return of principal with the balance considered as ordinary income.

Investors could enjoy additional tax savings if they planned to receive their annuity payments after they retire, when they will probably be in a lower tax bracket.

Because of tax deferment, an annuity over the long run can outstrip other fixed-income investments offering similar rates of return. Let's say, for example, you're 35 years old and purchase a \$20,000 annuity yielding 10 percent. When you retire 30 years later, your initial investment will have grown to approximately \$350,000—assuming interest is retained and compounded at the same rate. Had you put the same sum into a money market fund with an identical yield, your account would show a balance of \$124,000 after 30 years—assuming

you had to pay taxes on the earnings each year and were in the 35-percent tax bracket.

### Principal Guaranteed

Yet a fixed annuity's tax benefits don't come at the expense of safety. The contract value is the legal obligation of the issuing company. You are guaranteed that you will never get back less than your initial investment, even if you should change your mind and surrender your contract right after buying it.

You can buy annuities from life insurance companies and brokerage houses with insurance-licensed subsidiaries. The minimum investment varies, but the average required deposit is \$5,000. Additional purchases may be made at any time. Annuities typically do not carry a sales charge, so all of your investment goes to work immediately.

Although annuities are available to fit a wide range of financial objectives, the typical contract looks like this: The issuing company guarantees a competitive rate of return for a predetermined number of years. After that time, the company may adjust the rate at regular intervals to reflect changes in the marketplace. In other words, your rate of return will rise and fall with interest rates—to a certain degree.

Many issuing companies guarantee that payments will never fall below a certain amount, no matter what happens to interest rates. Other companies permit you to close out your contract without penalty should interest rates drop below a certain level.

### Longer Equals More

Generally, the longer you leave your money untouched the more it will yield over the long haul. But, in an emergency, you can withdraw your money any time without jeopardizing your principal investment, since it is always guaranteed. You may, however, be subject to a small penalty.

Annuities' high yields, safety and flexibility make them popular choices for supplementing other retirement income or funding an IRA or Keogh account. But annuities should not be overlooked by any investor with an eye toward the future, particularly those who are looking to finance their children's education or to build an estate. □

This column is prepared as an automotive exclusive for *Æ* by Bill Waters, Director of Marketing Services with Merrill Lynch, Pierce, Fenner & Smith. Reader comments and inquiries should be sent to: Money Sense, automotive executive magazine, 8400 Westpark Drive, McLean, VA 22102.





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## Successful Selling

**H**ow To Master The Art Of Selling;" by Tom Hopkins; Warner Books; New York, NY; 1982; 292 pages; \$7.95.

It's easy to see why this book is doing so well on the sales charts. Well-organized and well-written, "How To Master The Art Of Selling" presents easy-to-understand solutions to problems faced by salespeople every working day of their lives.

Could the same be said of many old standbys in the field? Perhaps, but where Hopkins really makes the book work is in his discussion of the dynamics of selling. Hopkins outlines an approach to self-motivation that he argues is essential to the development of effective salespeople, or "Sales Champions" as he calls them.

The book uses lots of numbers and other memory-jogging devices to keep what you learn easily in mind. Typical examples of this are "The Five Basics That'll Make You As Great As You Want to Be" and "The 12 Sources of Sensational Selling Success."

Another strongpoint of the book is the author's assertion that not all selling takes place "on the road" or in industrial settings. This is one of the few books I've seen on the subject of sales that also includes techniques specifically for retail salespeople who work storecounters and showrooms, not just the front of a prospective buyer's desk.

Although all areas of selling are dealt with in some depth, the chapter entitled, "Closing Is Sweet Success," is especially good. One piece of advice ought to be tattooed on the palm of every salesperson's hand: "Whenever you ask a closing question, shut up. The first person to speak loses."

Hopkins doesn't stop there, however. He goes on to cite 14 "power closes." These include the classic "Ben Franklin Close," in which the salesperson lists on opposite sides of a sheet of paper all the reasons the buying decision is a good one and permits the prospect to list the reasons why it isn't, and the "I'll Think It Over Close," which includes tactics for overcoming objections.

Now, after praise has been heaped on the book and the author, you also ought to know that there are two big thorns among all these roses. First, with some exceptions, the layout and design of each page stand in the way of readability. The type size is a bit too small, and not sufficiently relieved by subheads. It's not a fatal flaw, but it does make some sections of the book difficult.

Second, both the beginning and end of the book contain a clearcut sales pitch for other services provided by Hopkins, including audio and video cassette tapes. At selected places within the book, he also refers shamelessly to his seminars. It's one thing to list other sources of information at the tail end of the book. But when such plugs spill over into other sections of the text, they detract from the message. The implication is, "If you really like what you're reading, you ought to see what

you can buy among the other services I offer." That's dirty pool.

Even so, "How To Master The Art Of Selling" is more than worth the money. It's one of the best sales books available. Just keep in mind that some of the selling that's taking place within the covers is directed at you. □

Here are the current Top Ten best-selling books for business. The list is based on sales figures obtained from retail bookstores throughout the United States.

- 1) "The One Minute Manager;" by Kenneth Blanchard and Spencer Johnson; Morrow; \$15.00 (1)  
*How to organize yourself and your co-workers.*
- 2) "The Three Boxes of Life;" by Richard N. Bolles; Ten Speed Press; \$8.95 (6)  
*Pitfalls in a career and how to avoid them.*
- 3) "How to Master the Art of Selling;" by Tom Hopkins; Warner Books; \$7.95 (3)  
*A top sales trainer offers an approach to sales success.*
- 4) "The Official MBA Handbook;" by John Fisk and Robert Barron; Simon & Schuster; \$4.95 (2)  
*A satirical look at business and business schools.*
- 5) "In Search of Excellence;" by Thomas J. Peters and Robert H. Waterman Jr.; Harper & Row; \$19.95\*  
*How well-managed companies succeed.*
- 6) "The Changing World of the Executive;" by Peter Drucker; Times Books; \$16.95 (8)  
*The godfather of corporate life updates his thinking.*
- 7) "What Color Is Your Parachute;" by Richard N. Bolles; Ten Speed Press; \$7.95 (7)  
*How to change careers and jobs.*
- 8) "The Soul of a New Machine;" by Tracy Kidder; Avon; \$3.95 (4)†  
*The creation and awakening of the microcomputerized age.*
- 9) "William E. Donoghue's Complete Money Market Guide;" by William E. Donoghue with Thomas Tilling; Bantam Books; \$3.50 (7)†  
*Comprehensive "how-to" for money market investors.*
- 10) "A Book of Five Rings;" by Miyamoto Musashi; Overlook Press; \$5.95 (5)  
*A 16th-century swordsman has some advice for businessmen.*

( ) = indicates last issue's position

† = indicates a paperback previously on the list as a hard-cover edition

\* = indicates a book's first appearance

This column is prepared as an automotive exclusive for *Æ* by Henry Holtzman, a nationally known business writer. All comments or questions pertaining to this column should be mailed to: **Business in Print**, automotive executive magazine, 8400 Westpark Drive, McLean, VA 22102.



## Profit-Sharing Deductions

**B**ecause of the recession, many corporations could not afford to contribute to their profit-sharing plans for one or more years. Or if a contribution was made, it was for less than the maximum amount allowed.

With the prospects for profits starting to perk up, however, two questions are now being asked: (1) What happens to the "unused" deduction, and (2) is the deduction lost forever?

The basic rule is simple: the maximum amount you can deduct for a contribution to your profit-sharing plan is 15 percent of total eligible compensation. Say Upstart Co.'s total compensation is \$1 million. It would be able to contribute and deduct \$150,000. But if Upstart is only able to contribute a *portion* of that amount in a given year, it can carry the remainder forward as many years as necessary until it is used. Here's the rule: You can deduct up to 25 percent of compensation during a year when you have an unused "carry forward."

The rule is easiest to understand by example. Suppose Upstart Co. makes only a \$30,000 contribution to its profit-sharing plan in 1982. That means \$120,000 can be carried forward to 1983. In 1983, Upstart again has \$1 million of total compensation. According to the law, it can contribute \$250,000 (\$1 million times 25 percent) to its profit-sharing plan for 1983: \$150,000 as its annual limitation (or 15 percent of \$1 million), and \$100,000 as "carry over" from 1982. One final point: the still unused "carry forward" of \$20,000 from 1982 can also be carried forward to 1984.

If you have a profit-sharing plan, have your adviser prepare a schedule of unused "carry forwards." The schedule should start from the first year the plan was put into effect and continue right through your last year-end. ■

### Full Speed Ahead For Cruise Ship Deduction

Hurrah! Congress, in its infinite wisdom, has repented and changed the law to put education back where it belongs—on the high seas. You can now get a deduction for the expenses of attending a business convention, seminar or similar meeting held on a cruise ship. The new rules are effective for tax years beginning in 1983.

The new rules: A deduction is allowed, up to \$2,000 per individual per year, for attending business conventions (and the like) aboard a cruise ship. The ship must be registered in the U.S., and all of its ports of call must be located in the U.S. or possessions.

For a married couple filing a joint return, a \$4,000 deduction is allowed if each spouse spends at least \$2,000 for attending the conference. If they file separately, each can claim \$2,000. However, if a married individual attends a cruise ship convention alone and spends \$3,000, the deductible limit is \$2,000—even if the couple files a joint return.

To make sure you were properly learning while breathing the sea air, you must attach two written statements to your tax return documenting your educational cruise. ■

### Home Office Deduction Breakthrough

A man's home may be his castle, but the IRS takes a dim view of trying to deduct your castle (or any portion of it) on your tax return.

In a nutshell, here are the rules: For a home office to be deductible, it must be used exclusively and regularly as the taxpayer's principal place of business or as a place used by clients in meeting with the taxpayer in the normal course of his or her trade or business. In the case of an employee, the exclusive use must also be for the convenience of the employer.

A recent case may pave the way for you to get a home-office deduction. Here's the story: Even though the employer provided the taxpayer with an office, he was required to accept a large number of phone calls from clients at home in the evenings. The taxpayer, who managed seven large condominiums, used one bedroom of his home as an office. He rarely saw clients at home, but used the telephone every weekday evening for more than two hours.

Victory for our side: The court held that there is nothing in the law that requires a home office be used for "in-person meetings." But be careful. The court pointed out that, in most cases, telephone use alone will not satisfy the requirements for a deduction. ■

### Something Tax Shelter Investors Ought To Know

Most of my clients keep score of profits and income in terms of "what do I have left after taxes." Others sustain various levels of frustration and aggravation when they have to pay any amount to the tax collector. Such people are easy prey for tax shelter promoters. Like any group engaged in the great American business game, there are some promoters who are honest and helpful—and then there is the other kind.

The IRS has a special interest in tax shelter deals that bend the rules too far. The December, 1982 issue of *Lawyers Newsbrief* gives some startling statistics. Would you believe there are 16,000 tax shelter cases pending in the Tax Court? According to IRS Commissioner Roscoe Egger, that's 30 percent of the Court's entire case ad. And get this—the IRS completed almost 62,000 individual tax return audits in the first nine months of 1982. As a result, 88 shelter promoters were indicted, and \$824 million of tax liabilities were unearthed. But that's only the tip of the iceberg: 281,000 more returns are scheduled to be examined.

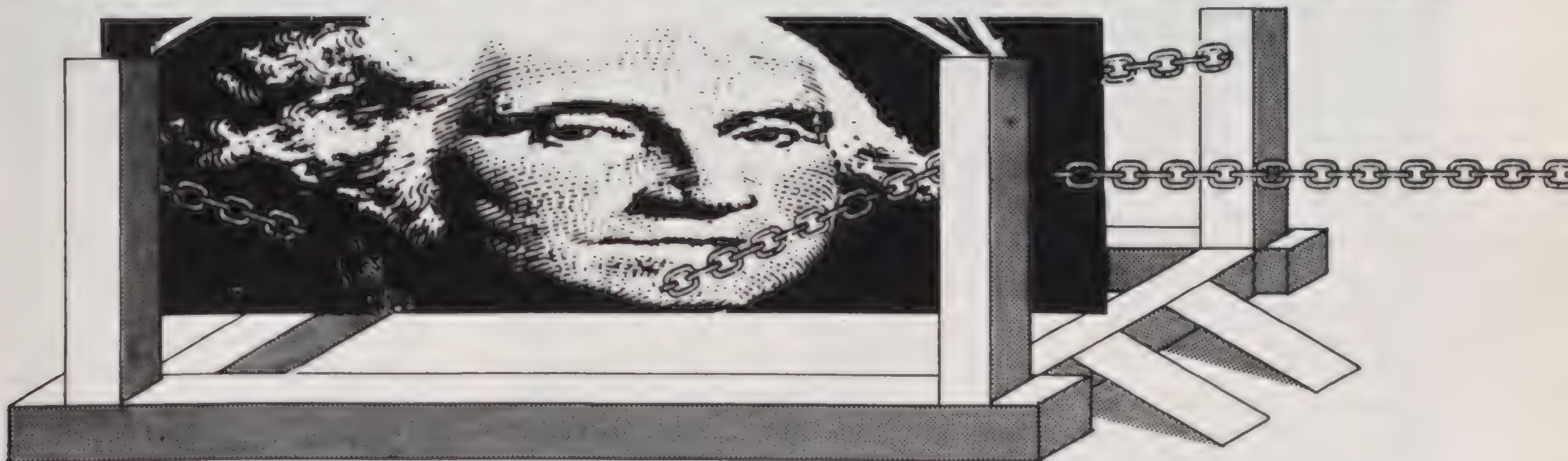
The IRS is not out to get you. But you can bet your bottom tax dollar that the IRS is out to stop abusive tax shelter schemes. How can you spot such a scheme? The best rule to follow is that if an investment is promoted for tax gain, rather than profit, it is a good deal to pass. Losing a tax deduction, plus paying penalties and interest, is a good deterrent. □

This column is prepared as an automotive exclusive for *Æ* by Irving Blackman, certified public accountant and attorney. All comments or questions pertaining to this column should be mailed to: Blackman, Kallick & Co., 180 N. LaSalle St., Chicago, IL 60601.



# BODY SHOP ABC'S

ONE OF THE BEST TALKS ABOUT HOW YOU CAN BE, TOO.



by Ted Orme

**I**n the October issue of *Æ*, we took an in-depth look at the changes in body shop techniques and equipment brought about by the rapid shift to unibody cars. As we found out, the argument for updating your body shop operation is very persuasive, but very expensive. The question remains for many dealers, "Should I take the plunge, and how do I go about it?"

To find out, *Æ* tapped the wisdom and experience of dealers around the country who have well-equipped, profitable body shops. We asked them to spell out their secrets of success, and to pass on some tips about how to get started.

Our first stop was Ron Thorstad, general manager of Thorstad Chevrolet Inc., Madison, WI. Thorstad was selected as a speaker for body shop workshops at the 1979 and 1983 NADA conventions because he operates the most profitable body shop in his area and, for its size, one of the best nationwide. And, as a medium-sized store in a medium-sized city, Thorstad Chevrolet is fairly representative of the dealer body as a whole.

In the interview that follows, Ron Thorstad outlines the ABCs of his opera-

tion. To round out the picture, we have included comments from a variety of other dealers and insurance representatives in accompanying stories.

**Æ:** What is the biggest problem you see today in dealer body shop operations?

**Thorstad:** After I spoke at the 1979 NADA convention, I must have received calls from 30 different dealers with body shop problems. Every one of them boiled down to the same thing, and that was a bad pay plan. These dealers had traffic coming into their shops, but they had no bottom line profit.

I think it's well accepted today that your cost of wages should be about 35 percent or less than your price. This means if you are going to have a flat rate pay plan, you better take a good look at what you are collecting per hour, and what you are paying your people, and make sure it's 35 percent or less. Now that sounds awfully basic, but a lot of people have overlooked it.

**Æ:** What about percentage pay plans?

**Thorstad:** The only real objection I have is that most percentage pay plans are still on 50 percent, and I don't think you can make adequate money that way.

**Æ:** Can you adjust your prices to



Ron Thorstad

cover higher wages?

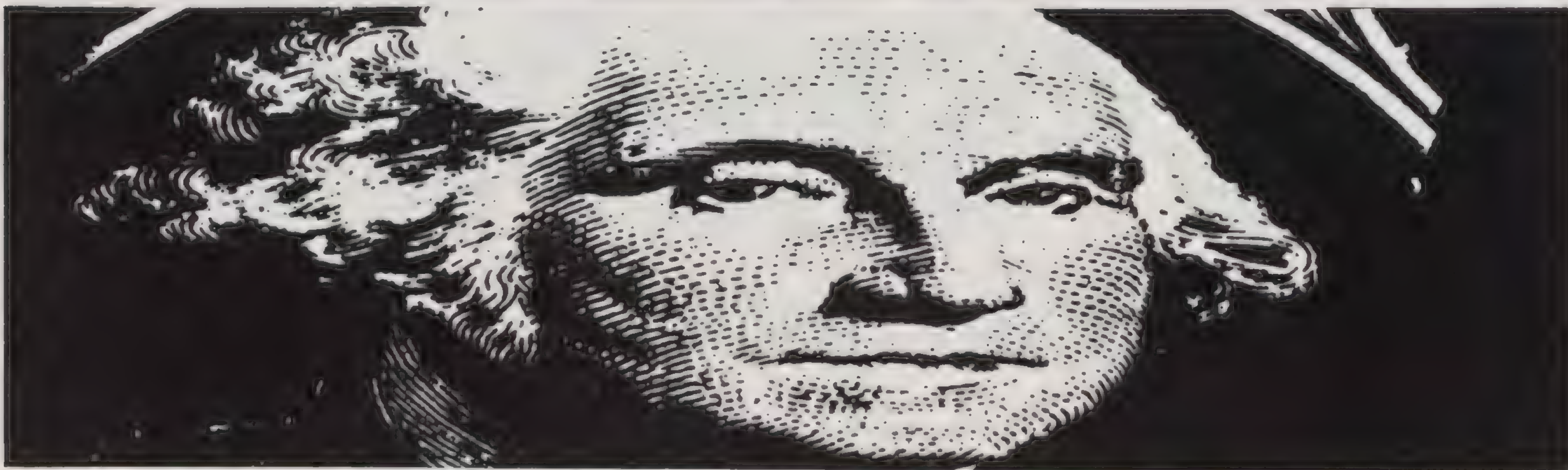
**Thorstad:** It's tough. Prices to customers are pretty well controlled by insurance companies. I know there are some dealers who disagree with me—people who think they can go out and demand another dollar or two from the insurance companies. But I wouldn't recommend it, because you live or die by how the insurance companies think about you.

**Æ:** Do you court the insurance companies?

**Thorstad:** I think you have to. You have state laws everywhere that say the customer can get his vehicle fixed at the repair facility of his choice. But it is a very rare customer who is in the mood at the time of an accident to challenge an insurance company. He is usually afraid he will be cancelled or get his rates jacked up. So if the insurance company suggests to him that he go to a particular body shop for an estimate, he's going to go.

That's why it's so important to court the insurance companies. And by court-





ing, I don't mean bending over backwards. Treat them as businessmen and give them some of the courtesies you would look for.

**Æ:** For instance?

**Thorstad:** We provide them with a clean workroom, a desk, telephone and adding machine. We also have a Polaroid camera so they can take pictures of damaged vehicles.

We will, of course, never overcharge. If we put in used parts, we make sure it's OK with everybody, including the customer, *and* we lower our estimate. We also mix our own paint here, and pass that savings along. And when we bought our most recent bench system, we got free use of jigs for a year. It would have been easy for us to pass on the \$50 a day it costs to rent a jig, but we chose not to. The insurance companies appreciate this, and they send us more business.

All this presupposes that you are doing quality work. If you are not, and the customer ends up unhappy, he calls the insurance company. Now the last thing they need (or want) is a hassle with the customer.

**Æ:** What percentage of your business comes from insurance work?

**Thorstad:** If you take off warranty and internal business, I think it's about 95 percent, particularly now, when people don't have the disposable income to afford repairs not covered by insurance. In fact, one of the problems right now is that when people have a minor accident, they are cashing their claim checks and forgetting about the repairs. This Midwest area is hurting bad. We have record unemployment

and it's tough around here.

**Æ:** What kind of quality control measures do you take to make sure the job is done right?

**Thorstad:** We have four metal men, two painters and two utility helpers who strictly do cleanup afterwards. I know some places will choose to leave cleanup to the painter because it has already been included in the flat rate time, but we choose not to. By having that ratio of utility to productive people, we deliver our cars clean. That helps build our reputation with insurance companies.

As far as quality control is concerned, we are periodically monitored by the insurance companies, the AAA and the Chevrolet Service Supremacy inspectors. But the overall job of quality control is the responsibility of the body shop manager.

**Æ:** How important is the body shop manager?

**Thorstad:** If you are going to have a good body shop, you have to have the right man running it. Many dealers feel that because it's a highly technical area, you have to have a body man in charge. But I believe he should be a manager first. If you can find both qualities in the same man, you are fortunate. But if you can't, look for a manager rather than a body man.

The fellow running our body shop came out of our reconditioning department. He didn't know much about body work, but we taught him that. What you can't teach is how to become a manager, and he was already. He had a feeling for people, for discipline and for business.

**Æ:** What kind of basic equipment does a dealer need to work on unibody cars?

**Thorstad:** You have to have a bench system, a good torch—not just a conventional gas torch—probably a hoist and a pot pull system in the floor. You've got to spend some bucks.

**Æ:** How much?

**Thorstad:** Figure about \$13,000 for the bench and another \$6,000 or \$7,000 for two sets of jigs, and \$8,000 to \$9,000 for a pot system—and here I am talking four stalls. A good MIG (metal inert gas) welder runs about \$1,800, but without it you are not going to be able to turn out quality work. There is more, but that will get you started.

**Æ:** That sounds like a lot. Is it worth it?

**Thorstad:** Our bench system paid for itself in six months. It's the darndest thing I've ever seen, unlike any piece of equipment I've ever bought for the store. And the payback is easy to measure because all the work done on it is work you wouldn't get otherwise. The insurance companies are aware of this and most will not send certain repairs to a shop without a bench.

**Æ:** Is there any possibility of the market becoming saturated and dealers getting stuck with this expensive equipment?

**Thorstad:** I wouldn't worry about that. Right now, nobody around here is buying unibody equipment because they are afraid of the initial investment. But the number of unibodies on the road is going to do nothing but increase, and if you want to stay competitive, you need the right equipment. □



# MORE ON UPDATING BODY SHOPS FROM DEALERS WHO

**W**hen you no longer sell a single car that has a frame under it, there can't be much doubt you need something to handle unibodies," says Don Wood, president of Wood Motors, a Mercedes, VW and Honda dealer in Detroit, MI.

Wood really put his money where his mouth is, investing \$125,000 in "a total remodeling of the body shop." He purchased all-new equipment including a bench system, two spray booths and a paint mixer. He did all this with the intention of drawing business from all over the Detroit and northern Ohio area and, in the process, doubling his body shop volume. His ultimate goal is to raise the dealership's service absorption rate to 100 percent.

Did he succeed? "Not quite," admits Wood, who explains that the combination of an unusually mild winter (less snow means less body work) and a body shop manager who did not live up to expectations brought him up short of "where I would like to be." Nonetheless, Wood calls the body shop renovation "a

great investment." It has already brought him more business from other dealers and insurance companies.

Wood agrees that, along with the right equipment, a good manager is the key to a profitable body shop. But, while he emphasizes that a manager must know how to direct people, he must also have a thorough knowledge of every phase of body shop work. "You know the guy who bends metal is an artist as well as a mechanic. The guy running the shop better recognize that and know the difference between a good technician and a bad one." This is particularly important with unibodies, Wood notes. "The work has to be done right. You don't want the car going down the street like a blind dog."

Wood admits a good manager is "hard to find," but adds that having a well-equipped shop makes it much easier. He points out that it is also easier to find and keep good body men, "when they have the capability to turn out the best work in town and never get comebacks."



Don Wood

## "TOOK THE PLUNGE"



### Controlling Quality

Joe Ricci, owner of Grosse Point (MI) AMC/Jeep/Renault, bought his new bench system a year ago. Without it, he says, "We would be lost. We couldn't fix anything we sell."



Joe Ricci

"There's little margin for error in collision repair work, and it doesn't take a keen eye to detect a lousy job. When large and singular expanses of sheet metal and trim like the Fuego's hood, fender and grille assembly all must reference at a common exterior point, that 'meet' can be a disaster if the rigid panels of the unibody to which everything is attached aren't factory-straight. You used to be able to compensate somewhat for gapping and alignment problems by playing with various bolt-hold tolerances," Ricci recalls, "but those tolerances are now gone."

Ricci insists that the work has to be done right the first time "because we firmly believe you are not going to keep your service or sales business otherwise." He makes sure that his body shop's quality is promoted in the sales force presentation.

Ricci reports that since he purchased a bench system, "The body shop has de-

finitely been a profit center for us. The equipment generates more profit because the insurance companies, which pay between \$15 and \$17 an hour for straight body work, give us \$35 an hour for unibody work. Right now," he beams, "we've got more work than we can handle."

### Repairs and Restoration

"They are very discriminating about their cars, particularly when it comes to body work," John Powers, a Mercedes dealer in Morristown, NJ, says of his customers. Quality control is the responsibility of the body shop manager at Powers Motors, and the company takes great pains to turn out cars that are properly repaired and clean. But to make sure, Powers has one of his secretaries follow up every service and body job with a phone call.

Though 80 percent of his business comes from insurance companies, Powers says much of that work is "distasteful" to him because "the majority treat us exactly like they would anyone



John Powers

else. Only a few seem to appreciate the fact that we are going to give them their money's worth, and this has taken years and years to accomplish."

His primary complaint is labor rates. "We are still not able to get the same rates in our body shop that we get for our mechanical work, which is really ironic since you have a far greater investment in the body shop."

What Powers really loves doing in the body shop is restoration work, "the kind that you have done when you still want to drive the car every day," he points out. He got into this end of the business when he bought an older Mercedes 300 SC for his own use. After 800 hours in the body shop, he was so pleased with the results he put the car in his showroom. It was a great traffic builder as well as a fine calling card for the body shop's capabilities. As the word got out, Powers began to draw more and more restoration work. "At least enough to cover the 300 SC," he chuckles.

### Charging For The Job

Dick Garvy, an Oldsmobile, GMC dealer in Boston, is "real pleased" with the "in-the-floor" system he purchased recently. The floor system, with a unibody attachment, cost about \$12,000, but requires no jigs or further equipment and will do, Garvy reports, "everything shy of borderline totals." Because the system is anchored in the floor, he points out, "It leaves the stall free for other things when you're not using it."

Like most dealers with good reputations, Garvy gets a lot of insurance business. Unlike other dealers, however, he is not afraid to ask more for his work. "Most insurance companies in this area pay about \$20 to \$22 an hour for body work, but I usually get \$23 or \$24. Some of them say flatly no, of course, but a little negotiation never hurts."

"The biggest problem we have with the insurance companies is that many of them want to substitute used parts, and that upsets some customers. But



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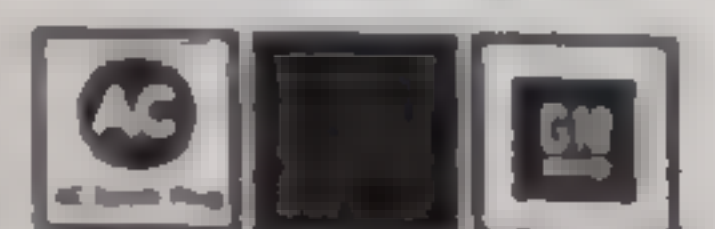
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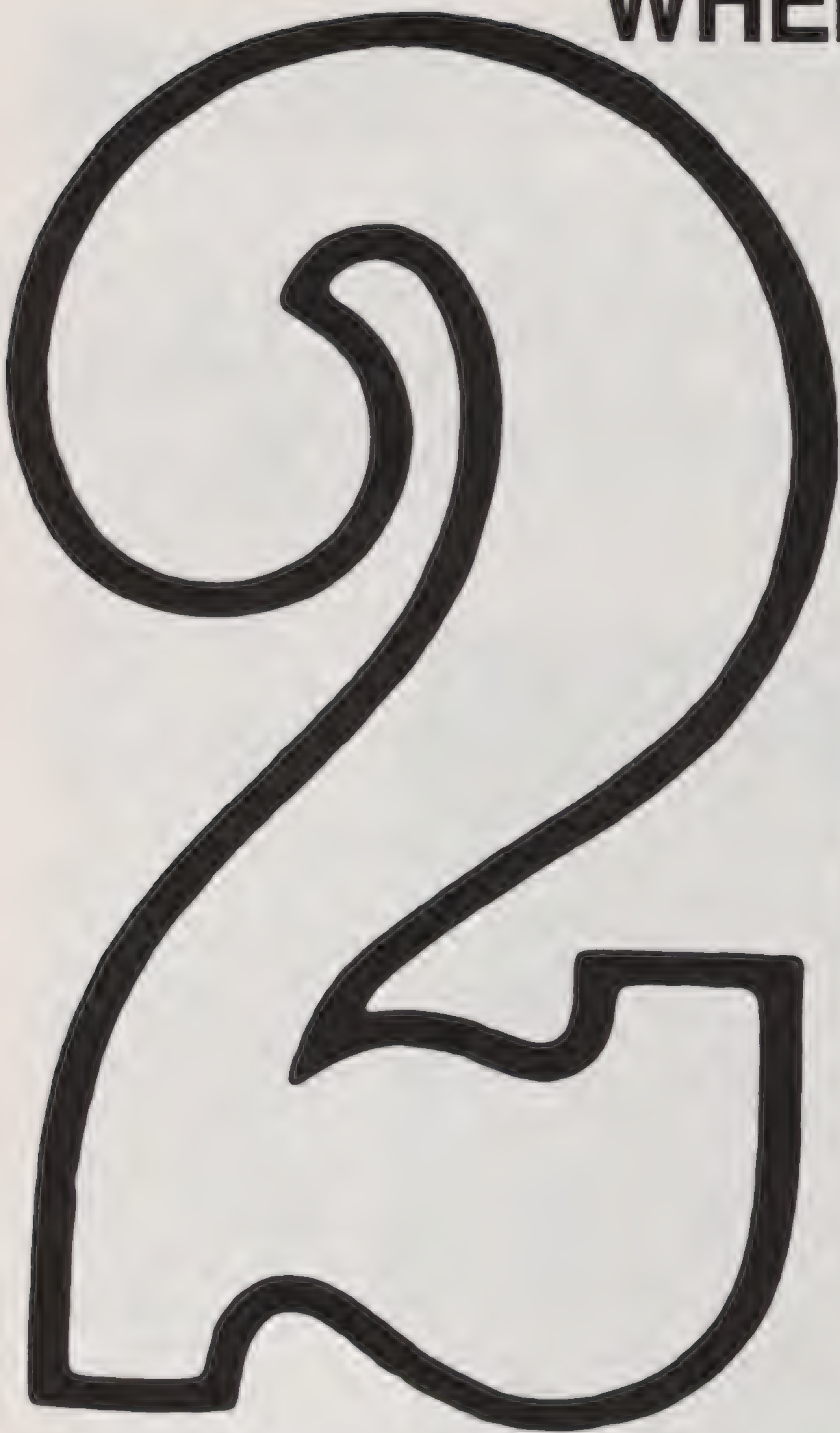
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there is not much we can do about it if they insist."

The job of keeping insurance companies and customers happy belongs to the body shop manager. It is also his responsibility to maintain quality, and his bonus is based on the number of come-backs. Does that system, plus the new equipment, sell? "Well," says Garvy, "I am doing all the work for the Mercedes dealer down the street. That ought to tell you something."

John Ourisman, president of Ourisman Chevrolet in Marlow Heights, MD, who bought a universal system three years ago and is now looking to buy more unibody equipment, sums up the situation best. "Dealers that are not capitalized well enough to afford upgraded equipment will not be getting

much body shop business in the future, period. The better equipment you've got, the better shot you have of picking up business."

#### **Staying Competitive**

Like a lot of others, Marv Kostecki's body shop was a profitable part of his Chevrolet, Cadillac, Oldsmobile store in Dickerson, ND, during good times, but as the economy began to sour, so did his body shop profits. He is now faced with reducing his pay plan and, though he may be facing leaner times, investing a great deal more in his body shop.

Kostecki's situation is somewhat different from most dealers in hard hit areas. Until the recent oil glut and cut-

back in drilling, Sax Motor Co., located in the heart of North Dakota oil country, was enjoying unprecedented good times. But high labor rates in the oil fields—a guaranteed \$2,000 a month and up—forced the company into a guaranteed \$12-an-hour pay plan to keep from losing its service and body personnel to the oil drillers. That plan is now driving Sax Motor Co. to the brink of red ink. "These are good men," says Kostecki. "I hate to cut compensation, but I may have no choice."

As far as the purchase of new unibody equipment, Kostecki says, "That's one of the reasons I went to the NADA convention. I'm going to review all the information I picked up there. Maybe you guys can help me make that decision."

We hope we have. □

## **THE WORD FROM INSURANCE COMPANIES**

**W**hat do insurance companies look for in body shops, and how should dealers go about courting this business? We posed these questions to four large companies—State Farm, Allstate, Aetna and GEICO—and found their answers enlightening.

Officially, the company line for all four companies is not to volunteer any recommendations to claimants. Adjusters and claims representatives are discouraged from doing this because of anti-trust considerations. While the companies refrain from making recommendations at the national level, most local offices are free to offer customers a "laundry list" of body shops in their area.

These recommendations, say Gary Smith, director of communications for GEICO, are "based on our knowledge of the price, quality and dependability of the shops in an area, and in some cases, particularly with unibodies, the type of equipment shops have."

Jim Stahly, public relations director for State Farm, adds, "We don't get into the business of judging and we don't do any rating of any kind other than to periodically check labor prices."

Allstate no longer has an official list of preferred body shops as it once did, according to Frank McGiboney, prop-

erty claims director. "That is now left up to the adjuster or claims representative, provided, of course, there is no law or regulation preventing it." Recommendations are based on the adjuster's experience with various shops in the area, he said, adding that he would encourage body shops to keep adjusters informed as to their services, equipment, training and costs.

Aetna spokesman Dave Crossan says his company doesn't volunteer information either, but when the customer asks, "We try to find shops that will do good work and accept our terms."

In looking to get on the good side of insurance companies, Crossan notes, "Body shops have to be sensitive to our position. Insurance companies hear from customers when the job isn't done well, and that means they're going to ask for more money to get it fixed right."

Crossan says dealers should establish a relationship with adjusters. "If they find costs going through the roof, for instance, they can only do themselves a favor by letting the insurance companies know about it. But I think at the onset, they have to be willing to accept what the insurance company says is reasonable." □



## Pontiac Dealers Settle Truth-In-Lending Dispute

**T**he Federal Trade Commission (FTC) has issued two decisions settling FTC charges of Truth-in-Lending Act (TILA) violations by a group of 40 Chicago-area Pontiac dealers.

The Pontiac dealers ran television ads in January and February of 1981 which, according to the FTC, contained all the pertinent information necessary to meet Truth-in-Lending specifications, but did not display the information long enough for viewer comprehension.

In the future, under the proposed agreement issued by the FTC, the following requirements must be met when running television ads:

- Credit term disclosures must appear for a minimum of five seconds.
- Ads containing a finance charge are required to state those rates as an "annual percentage rate."
- Down payment, repayment terms and annual percentage rate must be clearly disclosed if any credit terms are mentioned.

These proposed agreements are subject to a 60-day public comment period. (*In re: Chicago Metropolitan Pontiac Dealers' Association Inc.*; *In re: The Competitive Edge Inc.*, File No. 812 3079, FTC, February 18, 1983.) ■

### **New Jersey statute requires indemnification of attorneys' fees to dealers**

Indemnification was recently awarded to a New Jersey dealer who was wrongfully sued by an automobile purchaser for breach of warranty.

In this case, a Triumph TR-7, manufactured by Jaguar Rover Triumph Inc., was sold to the purchaser by Town and Country Dodge. When defects turned up in the vehicle and Town and Country failed to make the necessary repairs, the car was then taken to another dealership, Springfield Imported Motors Ltd. Springfield repaired the car, but the owner refused to pay for service, claiming it was a defective vehicle. Because the warranty had expired, the manufacturer also refused to reimburse Springfield. (Springfield then filed suit against the owner, and the owner subsequently sued the manufacturer, the seller and Springfield for breach of warranties, refusal to refund money or make adequate repairs, and conspiracy. Summary judgment was awarded to Springfield, and Springfield subsequently filed for indemnification of attorneys' fees and costs in its defense of the suit.)

Under the New Jersey Franchise Practices Act, motor vehicle franchisors are required to indemnify franchisees for attorneys' fees and costs when the franchisee wins a case where there are alleged defects in the merchandise. The law places liability on the franchisor and protects "innocent" franchisees who unknowingly sell defective merchandise. The court con-

cluded that an "innocent" franchisee that did not sell the product must also be protected by this statute. (*Springfield Imported Motors Ltd. vs. Jaguar Rover Triumph Inc.*, N.J. Sup. Ct., No. L-040506-81, October 8, 1982). ■

### **Retrofit devices found not to improve fuel economy**

A fuel economy evaluation of retrofit devices, as required by the Motor Vehicle Information and Costs Savings Act, was recently completed by the Environmental Protection Agency (EPA).

The overall conclusion drawn by EPA was that the five devices tested—the "Baur Condenser," "Brake E-Z," "Dynamix," "Jacona Fuel System" and "Polarion X"—did not improve the emissions or fuel economy of a typical vehicle in proper operating condition.

Detailed reports of these studies may be obtained by contacting: Merrill W. Korth, Emission Control Technology Division, U.S. Environmental Protection Agency, 2565 Plymouth Rd., Ann Arbor, MI 48105, (313) 668-4299. ■

### **Access to trade association pricing data**

The Michigan Court of Appeals ruled recently that a newswriter's right to obtain information extends to a trade association's technical periodicals. This case may have implications for all trade associations that use confidential price disclosures of members in their periodicals.

This dispute arose out of an antitrust suit against Fotomat and the Photo Marketing Association International (PMA) in a California state court. PMA is an association based in Michigan that collects certain data from members for publication in trade periodicals. To win its case in California, the plaintiff sought the production of accurate data on the cost to Fotomat of photofinishing each roll of film. In its decision, the lower court ordered the Photo Marketing Association to disclose some of the requested documents.

The Association raised several objections to the disclosure of the documents, including that its position as a "journalist" entitled it to First Amendment protection. The appeals court backed the lower court's decision, but sent the case back to determine whether the association's right of refusal is protected by the First Amendment. (*In re: the Deposition of Photo Marketing Association International; King vs. Photo Marketing Association International*, No. 58611, Mich. Ct. App., January 6, 1983.) □

This column is prepared by the Legal Group of the National Automobile Dealers Association. Because this column is national in scope, the discussion of cases and legal problems is necessarily limited and general. When specific legal questions arise, you should consult a competent attorney in your state. For further information or questions concerning the items appearing in this column, write: Legal Briefs, NADA Legal Group, 8400 Westpark Drive, McLean, VA 22102.



# Dealers Compete For National Advertising Honors

by Louis V. Priebe



**Y**our dealership's advertising—how it looks and sounds, the information it contains and the motivational appeals it uses—is probably the most important factor determining your sales volume and your reputation in the community.

If you agree that your advertising is *that* important, it logically follows that you should give it high priority among your management functions. NADA, in close cooperation with newspaper, radio and television advertising bureaus, can help you.

By sharing creative ideas, concepts and techniques for ad campaigns, NADA and the advertising bureaus have helped show dealers how to get maximum results from their advertising dollars. Each February at the NADA convention, dealers' most successful ads

are honored by the media advertising bureaus with awards' presentations. Each advertising competition honors those ads that deliver maximum sales results: making customers aware of competitive advantages and motivating them to come into the dealership in a buying frame of mind.

Studying the most effective advertisements and analyzing reasons for their successes can help dealers develop the most productive ad campaigns for their own markets. This article highlights

winners from the 1982 advertising bureau contests, and suggests how your dealership can also create award-winning advertising. Samples of some of this year's winners are included.

## The Marketplace

The media bureaus sponsor these awards' programs for a very good reason: Dealer advertising is big business. Advertising by franchised new-car dealers in 1981 totaled more than \$1.3 billion. Of this amount, \$764 million went to newspaper advertising (\$409 million for classified ads and \$355 million for display ads.) Approximately \$345 million was spent on radio ads and \$102 million for television advertising. Other media, such as direct mail, outdoor billboards, signs, handbills and displays, rounded out the balance.







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The Shore Olds Dealers invite you to:

# Discover The Treasures of The Ciera!



Shore Olds Group of New Jersey received Dandy awards for best campaign and best single ad (pictured).

payment in an ad can trigger action. If you use a price, make it easy to find, and be very clear about what the price does and doesn't cover.

9) Ask for the order. Ads are for action, so tell the reader what to do: "Take a test drive today." "Bring this ad with you." "Ask for Jeff." "Buy while limited quantities last."

10) Work with the pros. If you don't have an ad agency, work directly with the advertising professionals at your local daily newspaper. Their sales reps, layout artists and copywriters will give you guidelines on artwork, typefaces, positioning and rates.

As far as trends in dealer newspaper advertising, Quinn says used cars, service and trucks are being advertised with increasing frequency. "And I see more campaigns designed to build the dealer's overall image in the marketplace. Color advertising is also a part of the changing newspaper scene."

The Newspaper Advertising Bureau's award competition is open to all dealers and associations who advertise in daily newspapers. Send tear sheets of sample ads to the Newspaper Advertising Bureau, 280 North Woodward, Birmingham, MI 48011. There is no entry fee. The deadline for the 1983 competition is November 23. Reprints of the winning ads may be obtained by writing the same address.

## Radio

38 The NADA/RAB Radio Commercial of

the Year awards were presented to three winners by the Radio Advertising Bureau Inc. at NADA's Las Vegas convention. Winners were selected from more than 300 entries, which J. Raymond Avedian, RAB's vice-president and Detroit manager, described as the "best in the six years we've been holding our competition."

A panel of radio advertising experts judged the commercials according to these criteria:

1) Dealer identification and location. Is the name of the dealership and its location prominently identified?

2) Dealer personality. Is the business image or "personality" communicated in a positive, responsible manner?

3) Credibility. Is the advertisement believable? Does it convey professionalism and authority?

4) Consumer information. Does the ad motivate a person to visit the dealership?

5) Memorability. Will the person who hears the ad remember the information it contains and respond?

Avedian says that the nature of radio requires listeners to use their imagination. "Radio is the theater of the mind. You listen with your ears, but you must 'watch' with your imagination. The more you are involved in the message, the more you tend to remember it."

Radio permits dealers to tailor their message to a specific audience, Ave-

dian says. "Because radio offers so many different formats—from country and western to rock to all-news—you can pick who you want to reach and when you want to reach them."

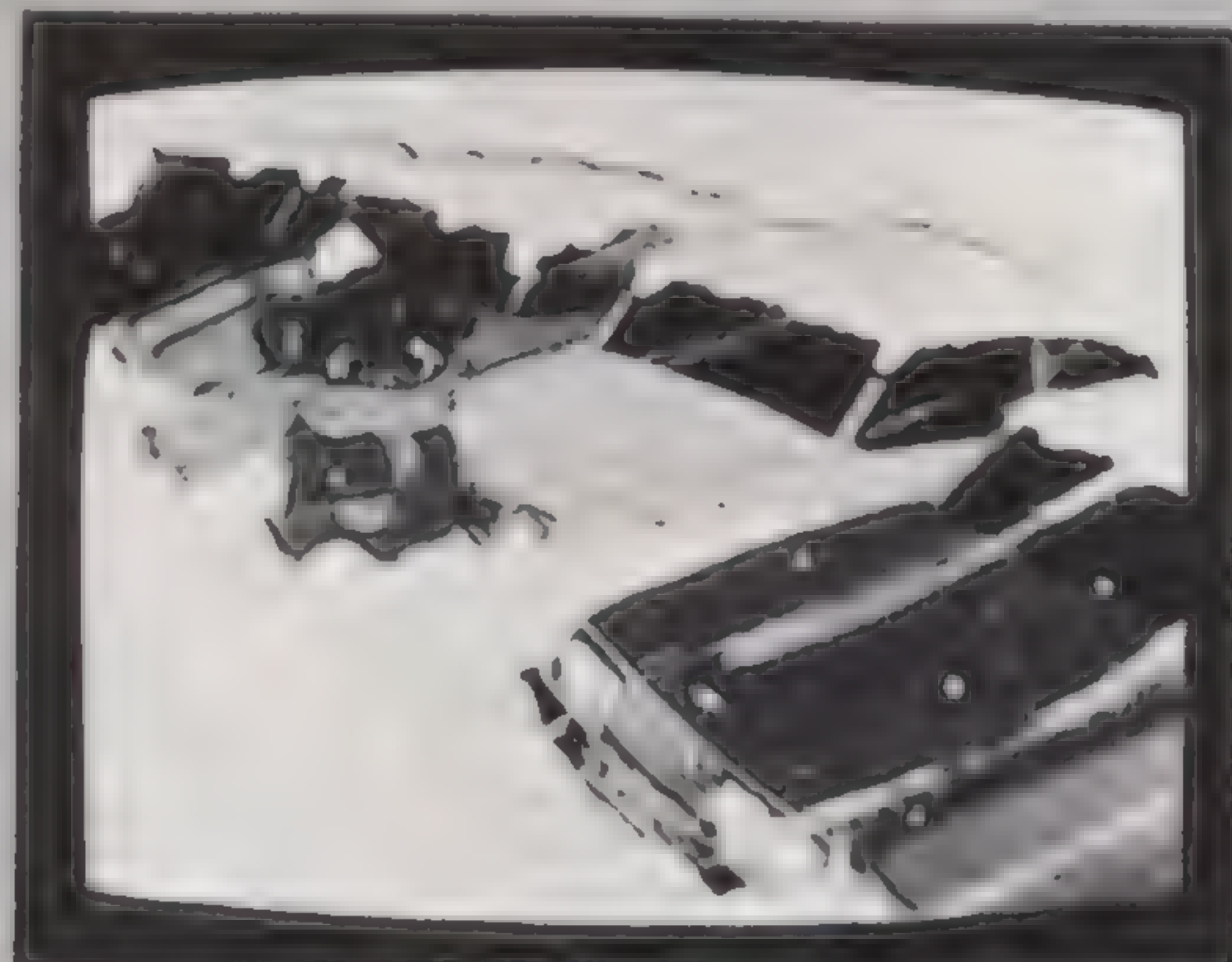
This year's winners showed a great deal of humor, Avedian observes. "Radio is a very entertaining medium, and the creative challenge is to work practical facts into an entertaining and memorable message."

"Establishing the individual personality of the dealer is also increasingly important," says the radio ad executive. "With dual franchises becoming more commonplace, dealers must establish their personality in the marketplace to compete effectively."

To enter this year's radio awards competition, contact J. Raymond Avedian, 30700 Telegraph Road, Birmingham, MI 48010. The deadline for entries is early December. Tapes of this year's winners are available for a \$5 handling fee.

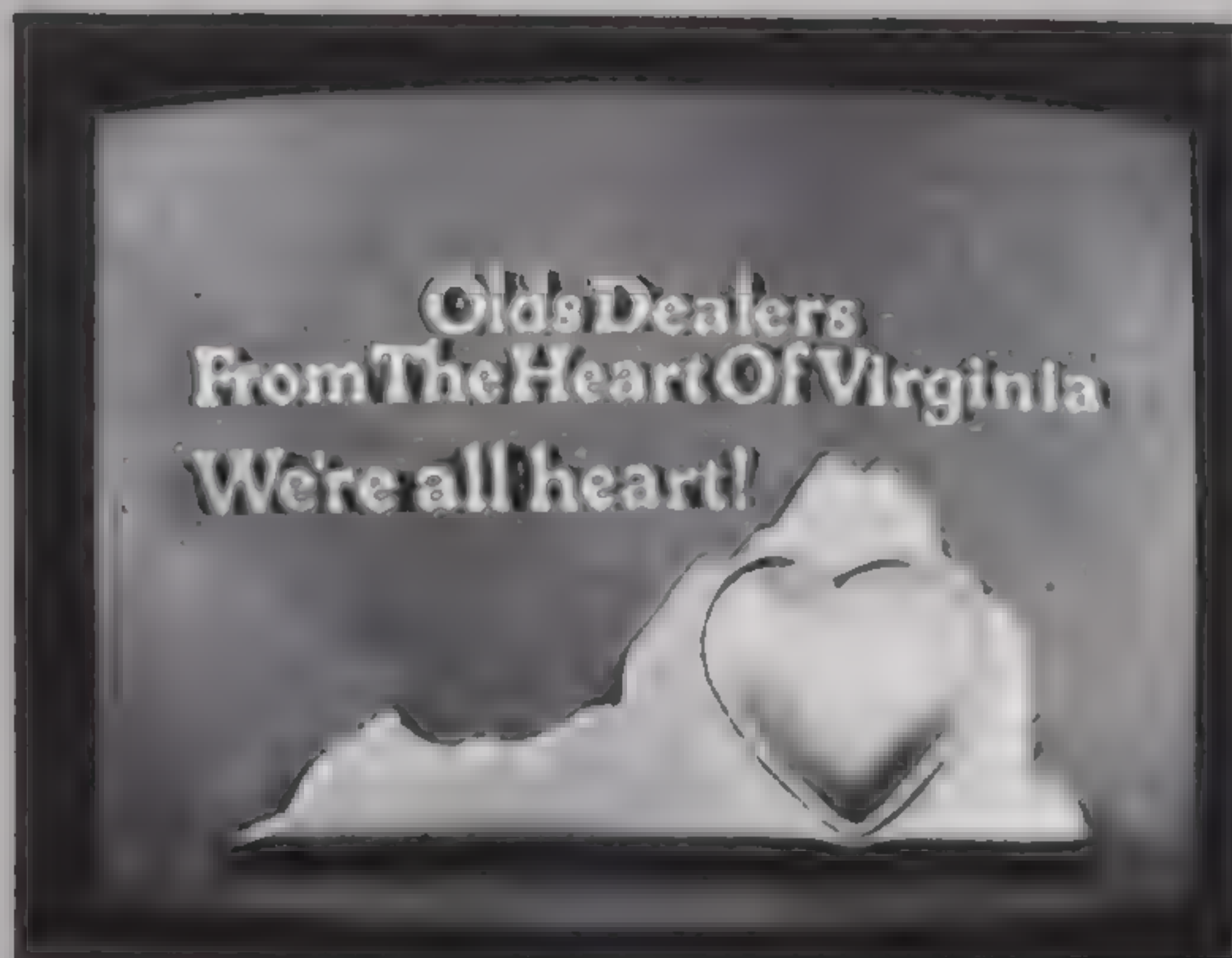
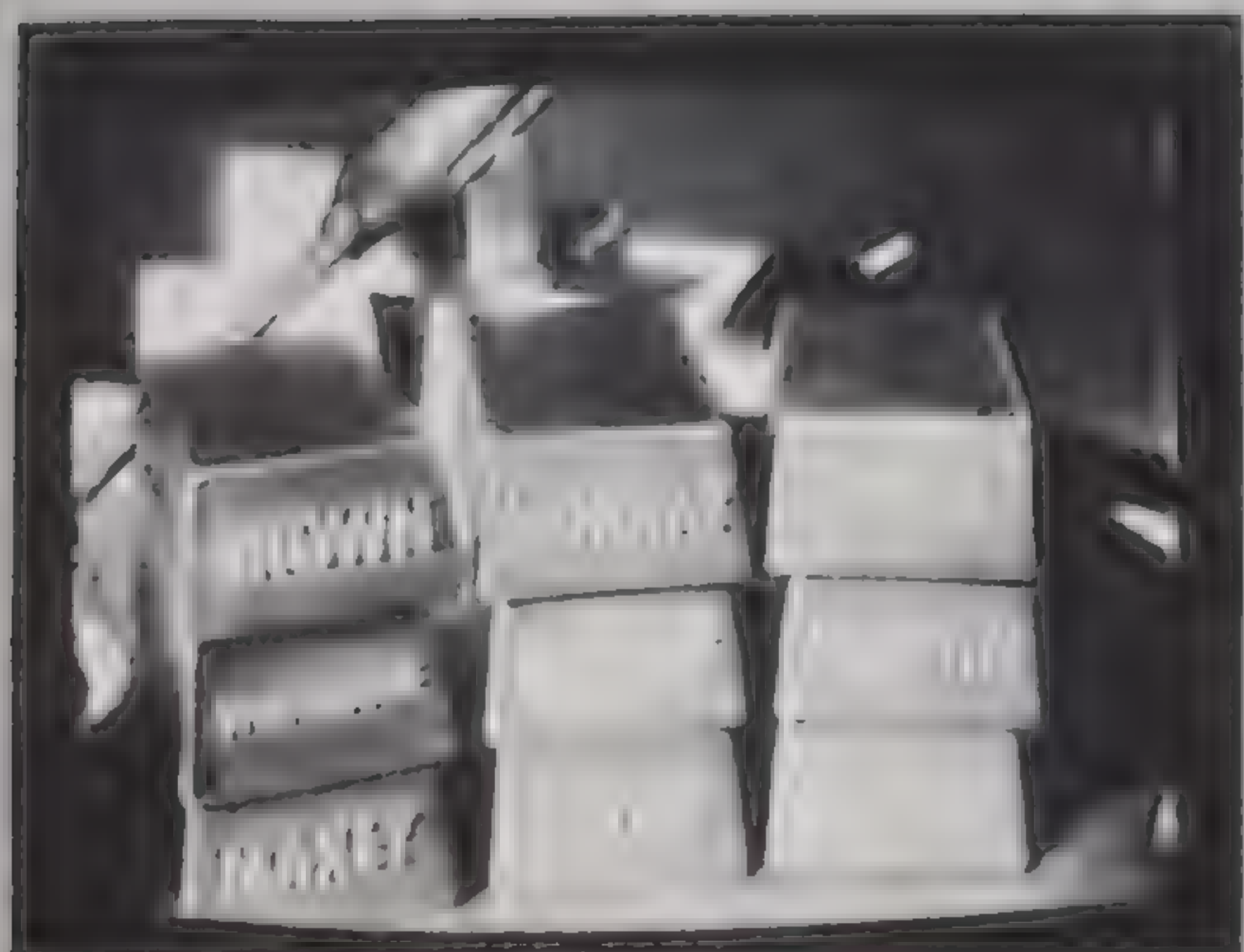
## Television

More than 600 dealer TV commercials were reviewed by the Television Bureau of Advertising's judges, reports Detroit vice-president Richard A. O'Donnell. This represents a 20-percent growth compared with 1981. At the NADA convention, six winners were selected. Ads were judged by four principal criteria:



Don Jacobs Toyota, Milwaukee, WI, won a TvB/NADA award for this spot, which promoted a special sale on Toyotas.





This award-winning spot from the Olds Dealers from the Heart of Virginia promoted Oldsmobiles in the Richmond market.

1) Creativity. How original and memorable was the ad?

2) Production excellence. Was the ad produced in a manner that complemented the motivational appeal of the message?

3) Sales appeal. Did the commercial prompt the viewer to go to the dealership and buy a car?

4) Time utilization. Did the TV ad effectively accomplish its purpose within the timeframe without overcrowding the message?

O'Donnell says he sees a trend toward dealers in larger, more expensive markets joining together to buy TV time. "An auto dealer is in competition with a whole range of consumer products," O'Donnell says. "He isn't just competing for business with other car dealers. He's competing with the whole range of merchants, such as jewelers and appliance retailers. He needs to broaden his appeals accordingly, to make personal transportation a priority."

For further information about the 1983 TVB/NADA Commercials Competition, contact Richard O'Donnell, Television Bureau of Advertising, 3155 Big Beaver Rd., Suite 217, Troy, MI 48084. To view a tape of this year's competition, contact your local television station or ad agency. The tape is available to all Television Bureau members.

#### Summary

Dealers advertise to sell cars, trucks and service—not to win contests. But the media bureaus' awards programs provide a useful opportunity to share professional evaluations about effective promotions.

Participating in such contests can help you learn what has worked best for other dealers around the country. By studying and analyzing what experts identify as the best in our business, you can get a competitive advantage in your area. You can also overcome misconceptions about production and learn to choose the best combinations of media to reach your target audiences.

Now is the time to start thinking about your 1983 entries. Then, when late November or early December rolls around, you will be ready to enter the best of what you have produced during the year. With some thoughtful preparation, you stand a good chance of winning recognition.

*Editor's Note: Louis Priebe is NADA's public relations director. His previous positions include national PR director for the American Automobile Association and Washington PR manager for the Motor Vehicle Manufacturers Association. In 1980, he was president of the Public Relations Society of America's National Capital Chapter.* □

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## Update: NLRB Decisions

**S**uppose you learn that your parts department manager or your lead mechanic had attended a union meeting to discuss strategies for organizing your employees. How would you react?

Well, a situation like this occurred in a dealership in California when a crew chief, who met the National Labor Relations Board's (NLRB) definition of a supervisor, attended such a meeting. Shortly after the meeting, the crew chief learned that two sales employees had just been fired. He demanded an explanation from the sales manager and, in the course of the exchange, lost his temper and used obscenities. The sales manager fired him.

The crew chief then appealed this action to the NLRB, claiming that his discharge was unlawful, even though he was a supervisor, because his firing was part of a "pattern of conduct" by the dealer to prevent salespeople from exercising their collective bargaining rights. An administrative law judge applied the then-current law and agreed. He ordered the dealer to reinstate the supervisor and give him backpay for lost work time.

The dealership appealed the decision to the NLRB, which used the case as a vehicle to reverse its long-standing "pattern of conduct" rule. The Board held that the discharge of a supervisor has only an incidental effect on the employees and is, therefore, not illegal.

While the NLRB narrowed the rights of supervisors in that case (*Parker-Robb Chevrolet*), the Board expanded the rights of employees in another recent case. Eight years ago, in *NLRB vs. Weingarten Inc.*, the Supreme Court stated that an employee has a right to union representation at a meeting with his employer when the employee reasonably believes the "investigatory interview" may result in disciplinary action. The Board was recently asked to decide whether employees who are *not* represented by a union also have the right to have someone with them at such an interview.

In that case, three employees, as a group, sought to discuss a recent change in their schedules with their manager. The manager offered to speak with each individually, but one employee insisted on a group meeting. The department supervisor called this employee into his office for an investigatory interview. The employee asked for a co-worker to be present at the meeting, but the supervisor denied his request. During the meeting, the supervisor warned the employee against organizing group meetings and failing to follow the company's grievance procedure. The employee filed an unfair labor practice charge with the NLRB. He claimed that he was entitled to have a co-worker with him at the interview, and that the employer had acted unlawfully by denying his request.

The NLRB agreed. The Board held that since the right to representation stems from an employee's right to engage in concerted activity "for mutual aid or protection," *all employees,*

including those not represented by a union, have the right to representation at an investigatory interview.

Dealers facing union-organizing efforts may find two recent Board cases concerning the propriety of certain pre-election conduct of interest.

Suppose that a union attempts to organize your sales employees, some of whom were induced to sign authorization cards based on a union handout comparing your pay scale with that of "union" dealerships. The handout grossly understates your rates while overstating those of the compared dealerships. You explain this to your sales employees, who recognize the union's exaggerations. Can you then lawfully tell your employees of their right to revoke their authorization card even if no employee has posed the question?

In the actual case, an administrative law judge held that since the employer volunteered the information (without employees soliciting), the employees would necessarily feel coerced into revoking their cards. But the NLRB disagreed. The Board stated that volunteering such information is lawful, as long as: the employer does not attempt to find out if employees have revoked their cards; does not offer revocation assistance to the employees; and does not otherwise create a coercive atmosphere.

Now, let's assume that the union in this case distributed the exaggerated handbill the day before the NLRB election. If the union won the election, would the distribution of this handbill (with its substantial misrepresentations) so close to the elections be grounds for setting aside the election? The Board has flip-flopped on this question three times in the past 20 years. In the *Hollywood Ceramics* case, the Board ruled that an election will be set aside when one party has made a substantial misrepresentation and the other party has not had time to make a reply. *Hollywood Ceramics* was overruled in 1977, reinstated in 1978, and, a few months ago, overruled for a second time. The Board's current position is that it will no longer analyze the truth or falsity of campaign statements made by either party. Instead, the Board will treat employees "as mature individuals who are capable of recognizing campaign propaganda for what it is and discounting it."

For the non-union dealership, this decision means that a dealer must be very sensitive to misrepresentations and exaggerations made by a union during the campaign period and should ensure that voters have the correct information. Once the vote has occurred, the dealer has no recourse against such union conduct—at least not until the Board flip-flops for a fourth time, if it should ever do so. □

This column is prepared exclusively for *Æ* by Jackson, Lewis, Schnitzler & Krupman, a labor and employment law firm with offices nationwide. All comments or questions pertaining to this column should be mailed to: Personnel, automotive executive magazine, 8400 Westpark Drive, McLean, VA 22102.





## NISSAN's CHUCK KING: "MOVING CLOSER TO THE MARKET"



**T**his December, Nissan Motor Co. Ltd. celebrates its 50th anniversary. Over that time, the company has established itself as one of the world's leading automakers, with more than 57,000 employees and annual sales of \$12 billion. Nissan now sells cars and trucks to customers in 137 nations, through a network of more than 6,000 dealers.

One of its most important markets is the U.S. Nissan entered the states in 1960, with the creation of Nissan Motor Corp. U.S.A. NMC started by selling the small Datsun 1000 Bluebird, and soon helped pioneer two new market segments—subcompacts and light pickups. It's been an exciting period for Nissan, and one in which Chuck King, NMC's senior sales vice-president, has played a leading role.

Today, King says, Nissan is moving to

create even closer ties with the countries in which it does business. This summer, it will open its first U.S. manufacturing plant, which will produce light pickups for the domestic market. In addition, the company recently introduced a computer communications network for dealers and formed a subsidiary to provide retail and wholesale financing.

At the NADA Convention in Las Vegas, NV, Chuck King talked with *Æ* about these and other developments at Nissan. The interview was conducted by two key members of NADA's Datsun line group: Don Graves, president of Harbor Datsun, Harbor City, CA, and

Marvin Hartwig, president of Hartwig Motors, Iowa City, IA, both long-time Datsun dealers.

**Graves:** Chuck, you've been with Nissan about 10 years now. What are some of the biggest changes that you've seen during that time?

**King:** One of the most important developments I've watched over the years is in our sales growth. In the last 10 years, our sales volume has more than doubled. The growth of Nissan Motor Co. Ltd., our parent company, has just about paralleled our growth in the U.S.

Another trend is the evolution of our product lines. Some have changed as many as three times during the last decade. We're looking forward to the completion of our design center in La Jolla, CA, because it will help us develop even more ideas in the future. Nissan has also built a new technical center in





Japan, which combines engineering, product planning, styling and testing activities in one facility.

Our company continues to expand. We now ship vehicles to 137 countries. We also have cooperative agreements with several other automakers to exchange technology and know-how. We've entered into a joint venture with Alfa Romeo in Italy, and recently acquired equity in Motor Iberica S.A. of Spain, a manufacturer of trucks and tractors. Nissan is also looking at a possible project in the United Kingdom.

And, of course, our \$600-million truck plant in Smyrna, TN, is close to completion. Nissan believes in building plants overseas to get closer to the markets it serves. In addition to the U.S. truck plant, we have production facilities in Mexico, Australia and Peru. So I think Nissan is well-positioned as a world automaker.

**Hartwig:** One reason Nissan decided to phase out the name "Datsun" was to gain better recognition worldwide for its products. How successful have we been at making customers aware of "Nissan?"

**King:** When the decision was first made to change our name from Datsun to Nissan, in July of 1981, only about 10 percent of Americans recognized the name "Nissan." Now, after some advertising and other promotional efforts, we've moved that recognition factor up around 50 percent.

*"I see some changes ahead in the ways dealers merchandise and sell our products."*

**Graves:** What does '83 look like for Nissan?

**King:** It's going to be a great year. Right now, we're forecasting a 9-million unit sales year for the industry—about 6½ million domestics and 2½ million imports. That would be a 17-percent improvement over '82.

If it's a good year for the industry, it will be a good year for Nissan and its dealers. We're shooting for a 10-percent improvement in new-car sales to about 485,000, or a 20-percent share of the U.S. import market. Of course, with continued restraints, we're going to have to become more efficient in the way we allocate and distribute our products.

**Hartwig:** How long do you think it will be before the industry returns to its pre-recession sales levels?

**King:** As you know, 1978 was the last really big year for our industry. That year, some 11.3 million cars were sold. All sales have been going steadily down ever since. Last year, they only hit eight million. Of course, domestic manufacturers have suffered the most. Import sales figures have stayed about the

same.

Our '83 forecast shows an overall improvement in the economy—a rise in the U.S. gross national product, a decline in unemployment and a continued low rate of inflation. Frankly, we think domestic automakers will benefit more from any improvement that does occur.

**Hartwig:** GM Chairman Roger Smith was quoted as saying that importers' share of the U.S. market will decline to 15 percent by 1986. What do you think?

**King:** Obviously, Mr. Smith thinks the restraints are going to be a way of life. I guess we've all heard that song before.

It's tough to make long-range forecasts, but if the industry does recover and return to an 11-million new-car year, 15 percent of that would represent only about 1½ million cars. That would be a totally unrealistic figure, based on the satisfaction of our owners with import cars. Obviously, whatever happens in the years ahead will depend upon what happens to the voluntary restraints. In a free and open market, imports can be expected to get at least 25 percent of sales.

**Graves:** Will this be the last year for the restraints?

**King:** Obviously, I hope they go away soon. We don't think we should be blamed for any declines in the domestic market.

In addition to the restraints, we face a 25-percent duty on light trucks. This keeps our sales down and the net result





is that the customer has less choice, and prices are higher. It's an unhealthy situation for this country, as powerful as we are, to impose trade restraints in order to become competitive.

But protectionism will probably be with us in one form or another until the market begins an upswing. When domestic manufacturers regain their profitability, protectionist sentiment should fade.

**Hartwig:** What do you think about the recent agreement between General Motors and Toyota?

**King:** The deal gives GM the opportunity to produce a well-respected subcompact without having to spend massive dollars to develop it. For Toyota, it represents the chance to expand in this market and gain additional volume.

**Hartwig:** A few moments ago, you mentioned light trucks. How do you see the light-truck market shaping up?

**King:** Pickup sales will jump from 2.4 to 2.7 million this year. The compact segment will also rise, from 750,000 to 900,000. Imports will share some of that growth. About 444,000 import trucks were sold in '82; that figure should be around 455,000 this year.

We're confident we'll sell about 135,000 Nissan pickups in '83. Our trucks have become more competitive; they've got bigger engines, smoother styling, and for the first time, double-wall construction.

**Graves:** How is the new truck plant

in Smyrna coming?

**King:** Production will start on our '83½ truck in June. We'll get into bigger numbers in October. By January, we hope to be in full production—about 156,000 light trucks annually. The Smyrna plant, which cost more than \$600 million to build, represents the largest investment Nissan has made outside of Japan. With 220 robots, it will be Nissan's most automated plant. It should help speed the time it takes to bring new products to market.

**Hartwig:** Speaking of new products, will Nissan introduce a minivan here?

**King:** We offer that type of multi-purpose vehicle in some other parts of the world, but as you know, we haven't introduced it here, yet. In Japan, we've also introduced a 1-liter supermini called the "March" that we think we may eventually bring to market here.

We're currently researching the market for both products. One of the drawbacks of bringing them in, however, is the restraints. If we bring them in as passenger cars, we're subject to the restraints. If we bring them in as vans, we'll have to pay a commercial duty of 25 percent. It's hard to stay competitive.

**Hartwig:** How does the current gas glut impact on Nissan's new product plans?

**King:** History tells us that when fuel is readily available, sales of larger vehicles increase. But we haven't really felt any decline due to low gas prices. In

*Marv Hartwig (left) and Don Graves (right), members of NADA's Datsun line group, interview Chuck King.*

fact, our sales during the first four months of this model year are up about 20 percent.

**Graves:** Do people still buy Nissans primarily for their fuel efficiency, low price and high quality, or are there new considerations?

**King:** The buyer you described is the one we're trying to reach, Don. When we look at buying motivation, however, we see that fuel efficiency has moved from No. 1 to No. 3. Durability is becoming more of a factor, and so is roominess. With our new front-wheel-drive configuration, we've increased passenger room to seat five in most of our cars. That's unique for an import. In addition, performance and appearance remain important.

**Hartwig:** We're seeing more women customers in our dealership. How can we make our products—and our stores—more inviting to women?

**King:** As more women, especially working women, enter the marketplace, they become a bigger factor in our marketing decisions. Right now we're taking a close look at women's buying preferences, and how to best appeal to them. We also need to pay more attention to how we treat women customers when they enter the showroom.

Women are more style conscious. 43



And they're also very concerned about durability. They don't want to have to deal with a broken-down car. With the reputations Nissans have in that area, we have a real selling point.

**Graves:** What are some of the things you consider when buying advertising?

**King:** Media selection is more important to us, especially as we try to reach younger buyers and female buyers. We used to consider "Monday Night Football" the best platform for our product—and it's still a good one—but it may not be the right one for attracting these customers.

We're looking more closely at our buyers' profiles. We want to reach more young people, for instance, so we'll probably buy time after 11 o'clock rather than prime time, because of their viewing habits.

I'm excited about our tie-in with the U.S. Gymnastics Federation. At the New York and Chicago auto shows this year, we sponsored gymnastic performances. Exhibitors came up to us time and time again and said, "Tell us when the gymnasts are going to perform and we'll turn off our displays, because everyone watches your show." That's



great exposure for us. It's creating identification with a sport that is very popular with young people.

**Graves:** Do dealers also need to reexamine their advertising appeals?

**King:** Dealers need to make similar choices whenever they plan local advertising campaigns: who do I want to reach, and what's the best way to reach them? The manufacturer's job is to create an awareness of the product. The dealer must sell the customer on coming into the showroom.

**Hartwig:** We've talked about the general scope of Nissan and its sales and marketing plans. Let's turn to something near and dear to our hearts: dealer relations. What's your opinion of the Nissan dealer body? Do you foresee any major changes in the next few years?

**King:** We've been cautious about increasing our dealer body the last few years. We've added only about 30 dealers nationwide during that time. Obviously, the restraints have something to do with that. Right now, we have 1,083 dealers.

At the AIADA (American International Automobile Dealers Association) conference last spring, I spoke about marketing in the '80s. Basically, I said the franchise system is alive and well as far as I can see. But I do see changes ahead in how we distribute and merchandise our products.

Metropolitan dealers, for example, may have to move their service departments several miles away from their showrooms as land and building costs escalate. One trend in California has all of us watching closely. Dealerships there are starting to open locations in shopping malls. (See next month's *Æ* for more details.) They're finding that shopping malls attract a tremendous number of people, but that they're a different type of shopper—usually lookers who want to find out something about the

## WHEEL-TIRE THEFT

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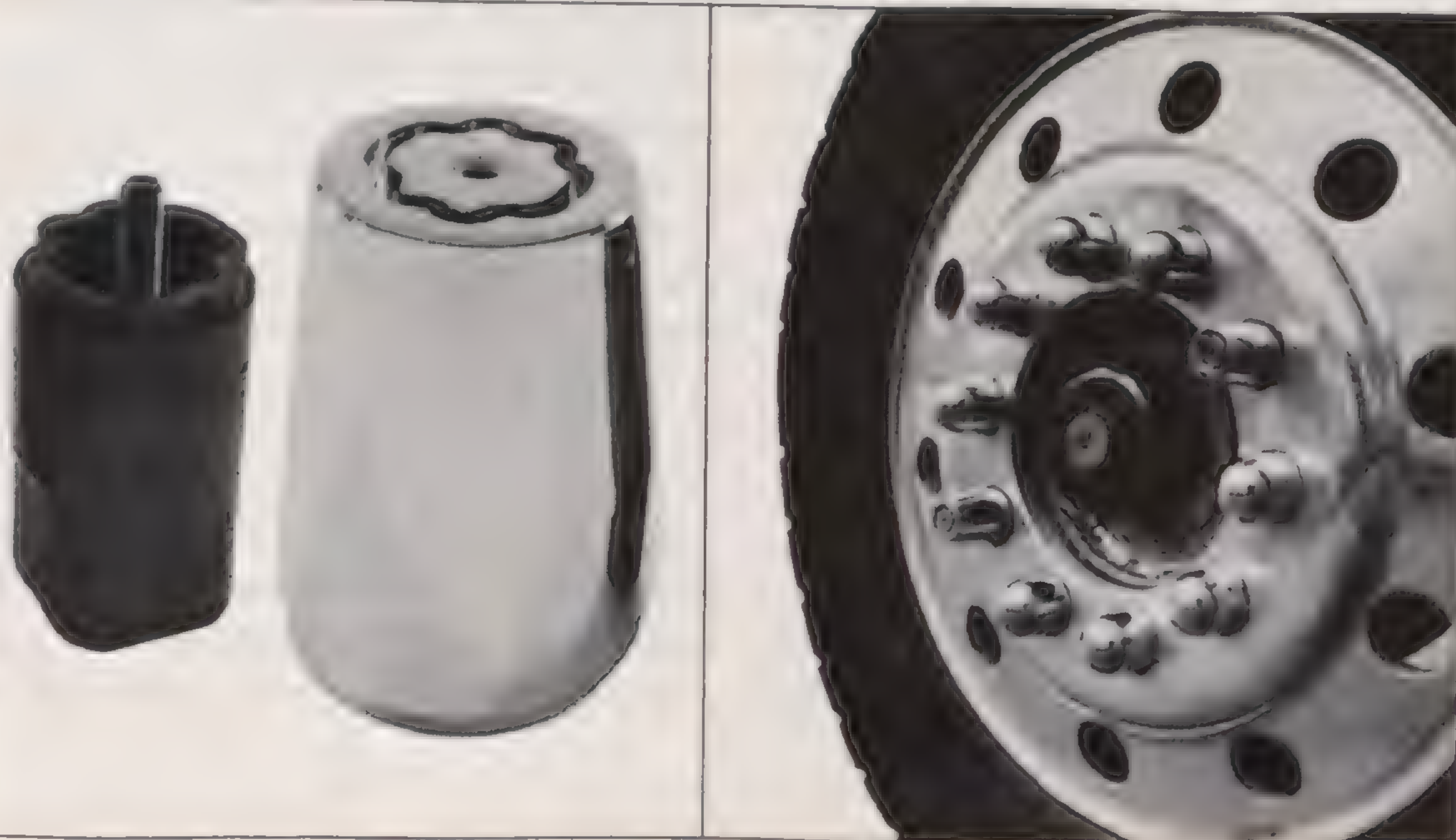
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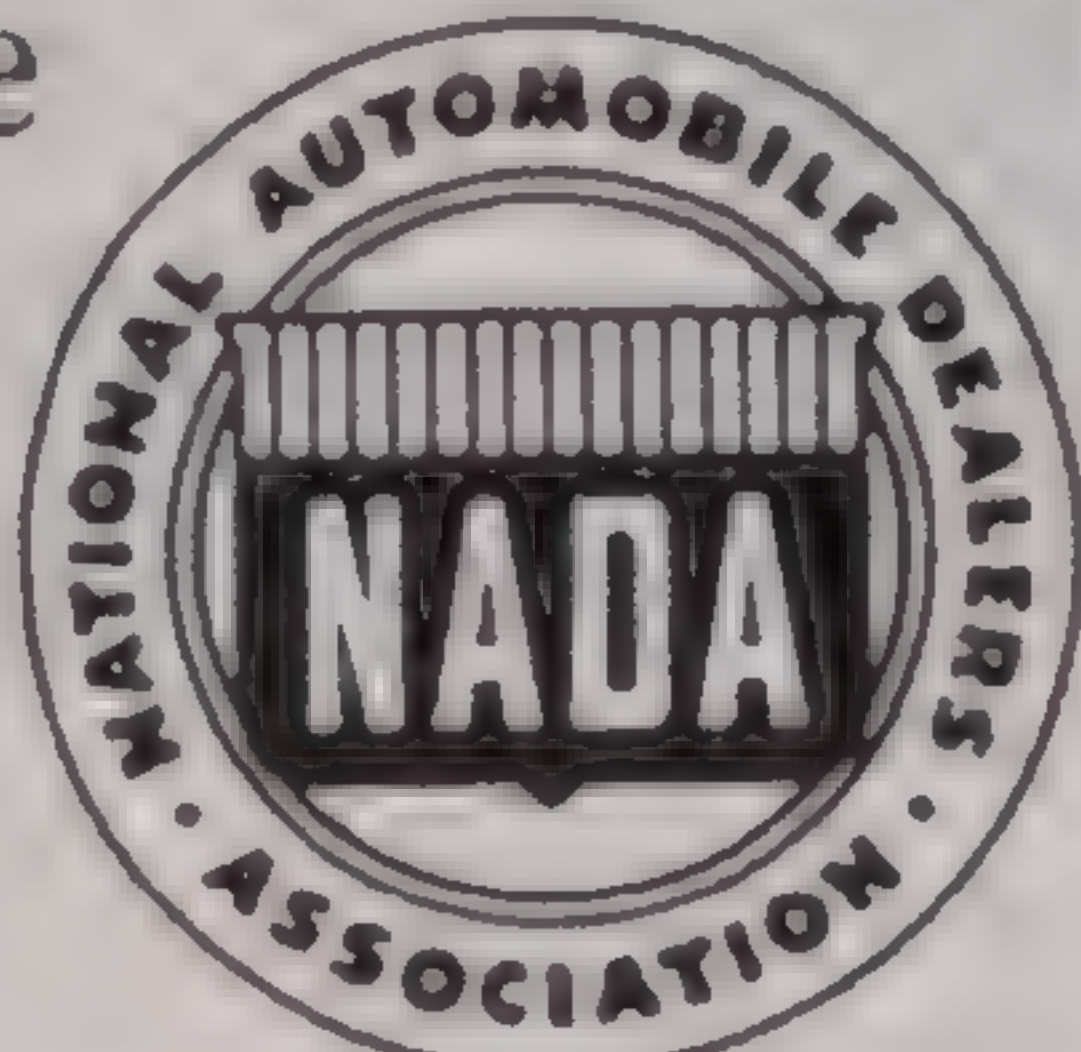
No publication supports automobile dealers with as much drive as TIME.

Again this year, TIME Magazine will honor the country's most outstanding dealers, with the 14th annual TIME Magazine Quality Dealer Awards. Sixty-two dealers will be cited at the 1983 NADA Convention for their contributions to their industry and their communities. One of the 62 will be named "Dealer of the Year."

Not only does TIME salute

these winners, it publicizes them in the pages of TIME, making the public aware of the hard working, ethical individuals who are part of our business. Such publicity is bound to have a positive effect on our entire industry.

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product to help in making a later decision.

In areas such as Hawaii, as well as in other countries, we're seeing another new development—the satellite operation. Because land is so expensive in Hawaii, dealers there are opening small satellite showrooms away from their main stores to gain exposure. The idea seems to be working well in that area; whether it would work in others, I don't know.

**Graves:** Dualing seems to be a growing trend these days. What's Nissan's attitude?

**King:** It depends on the marketplace. There are areas where it's advantageous for a dealer to dual, particularly with one import and one domestic. But you have to be careful. We see dealerships with six different car lines, and that worries us. Today's buyers are very sophisticated, and they want information. When you have lots of different lines, however, it's hard to train your sales force to be knowledgeable about each of them.

**Hartwig:** Dealers are always concerned about financing. How is the de-

velopment of Nissan Finance Acceptance Corp (NFAC) coming along?

**King:** When you look at the progress NFAC has made in one short year, it's a real tribute to the Nissan organization and to the dealer body.

Nissan Finance now has two offices in Los Angeles, one in San Francisco, and another in Oregon. When we opened the office in Oregon, only one bank in the state offered financing. So we're filling a real need.

*(Editors Note: As **Æ** went to press, Associated Press reported that Nissan and Citibank have reached agreement on a financing plan for Nissan cars sold in the U.S. Citicorp reportedly will provide financing for all Nissan dealers except on the West Coast, where Nissan will continue to offer financing through NFAC.)*

**Graves:** How is the development of the Datanet computer network coming? What plans do you have for the system in the future?

**King:** Soon, each of our 12 regions will be linked by computer to Nissan

headquarters in California. Out of 1,100 dealers, about 250 are already on line and communicating with us. More than 90 percent have said they want to participate.

Initially, we're using the system for parts ordering, financial reporting and warranty processing. But as we go along, we'll add applications to provide dealers with more detailed financial information, which will help them better manage their businesses.

**Hartwig:** What's your overall outlook for Nissan?

**King:** As I said earlier, Nissan has become a multinational company. Roughly 45 percent of Nissan's products are exported, and the majority go to the U.S. So we're a major influence on our parent company.

We see the market growing stronger, and if we're permitted to compete in a free and open market, our sales could be around 800,000 cars per year by 1990. Without a doubt, my next 10 years at Nissan will be as exciting as my last 10 years. □

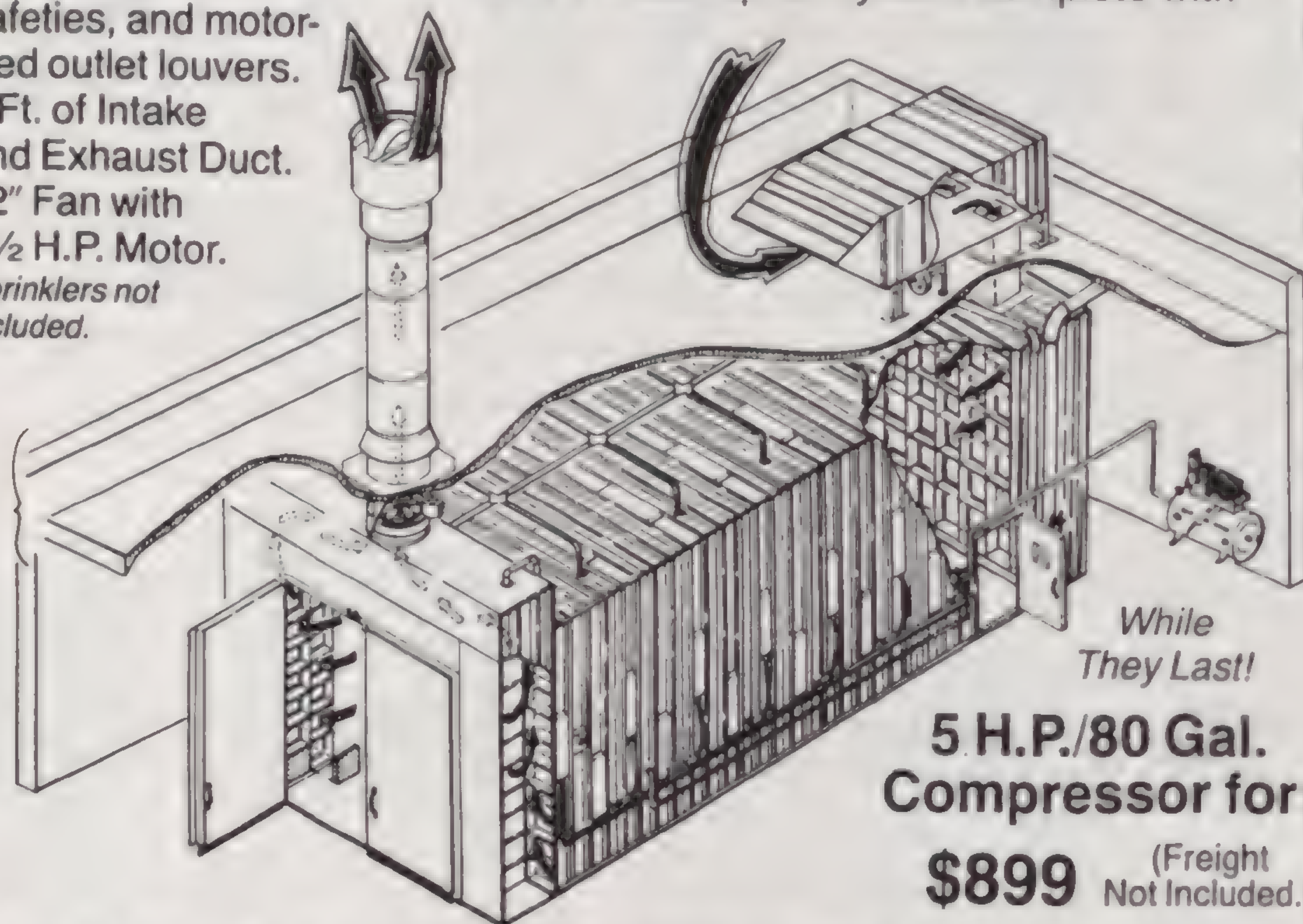
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## Time Management

**L**ast month, I talked about working time vs. wasting time. I spoke of time-wasters, specifically when you let valuable minutes slip away at the coffee machine or over a 3-martini lunch.

This month, I want to talk about how to manage your time more effectively. Managing your time means you're on top of your job, instead of the job being on top of you. When you're on top of your job, you become highly visible both to your sales manager and to your fellow salespeople. And being perceived as an effective time-user is one of the best ways to sell yourself to others.

It has often been said that if you want a job done well, give it to the busiest person around. How is that person able to take on one more assignment? He or she knows how to manage time. Managing time is a skill that can be learned and then put to use with fantastic results.

Let's start off with quantity. Every person on the face of the earth has been given an identical gift of time. You—and everyone else—have 60 seconds to the minute, 60 minutes to the hour, 24 hours to the day, 7 days a week, 52 weeks a year. You've got the staggering amount of 8,736 hours in that 52-week year. And, you've got 524,160 minutes—over a half million—ticking by, never to be regained. Don't feel cheated. Remember, nobody else has any more than you. Everyone is equal.

The basic difference between you and everyone else is how you use that staggering amount of time. Most people divide their 24-hour day roughly into thirds: one-third for rest and sleep, one-third for recreation and one-third for work. Most of us work an 8-hour day and, on the average, a 40-hour week.

This gives you 40 hours to be productive, non-productive or partially productive. The difference lies in the management of time. I learned to manage *my* time a long time ago. Here are three basic rules:

- 1) Keep a time/task log.
- 2) Assign priorities to your tasks.
- 3) Control time-wasters.

Keeping a log helps you keep track of how much time you spend at certain tasks, compared to how much time you *should* be spending. With such a log you can tell at a glance whether you are using time most efficiently.

Take five sheets of paper, and label them Monday through Friday. Divide each sheet into three columns. In the first, list your tasks for the day (such as showroom presentations, demo

rides, closing, telephone prospecting, customer service and paper work). In the second, estimate how much time you *expect* to put in on those tasks and in the third, record the time you *actually* spend.

Before the beginning of each day, enter the time you expect to spend on a task; at the end of the day, enter the time you actually put in. Do this for one week. At the end of the week you will be able to see exactly what you *did* do compared to what you *expected* to do. Most people find they did not get everything accomplished. They seemed to have run out of time.

Next, assign priorities to your daily tasks. Look at them carefully, and rank them in order of their importance. Make the most important an "A" priority, the next most important a "B" and the least important a "C." Rearrange the tasks on your time log according to your priorities. You may notice that you spend too much time on a "C" priority, and not enough time on an "A" priority. Some of the "C" priorities you can either drop from your list or postpone to another time. After all, they're the least important.

In planning your tasks for the next week, assign some of that "C" time to "A" and "B" tasks. You will soon discover that you have more time.

To manage your time even more profitably, control the time-wasters. There are many besides the ones I mentioned last month.

Take another look at your time/task log. Check each task against the time you actually took to accomplish it. Think back—did any unnecessary interruptions occur? Telephone calls made by yourself or others? People dropping in to chat? A fellow salesperson wanting to share an anecdote? Junk mail?

Take steps to wipe out the timewasters. If a friend calls (other than in an emergency), explain that you will call back at more convenient time. Learn how to end social visits politely but firmly. If you have an office with a door, close it to indicate that you do not wish to be interrupted. Don't be tempted by newspapers. And don't waste time with junk mail.

Even though you have the same amount of time as the next person, you can manage yours better. Try these three rules and see what happens—you'll be more on top of your job and you'll be selling yourself more effectively than ever before. □

This column is prepared exclusively for *AE* by Joe Girard, named the World's Greatest Salesman 12 times by the Guinness Book of World Records. All questions or comments pertaining to this column should be mailed to: **Selling Yourself**, automotive executive magazine, 8400 Westpark Drive, McLean, VA 22102.



(Atwood from page 21)

we're also geared for a certain level of materials handling, production control and management. We have to take a close look at these areas to see where we can trim back."

#### Implications of the Tax Act

In the lame-duck session of the last Congress, some major changes were made with regard to highway taxes and user fees. The Surface Transportation Assistance Act of 1982 removed the excise tax on truck parts, new trucks less than 33,000 pounds gross vehicle weight (GVW), and trailers less than 26,000 pounds. The tax on heavy-duty trucks and trailers was increased to 12 percent, and collection was shifted from the manufacturing to the retail level. In addition, the act lifted the ban on single 48-foot trailers and double bottoms, and increased allowable width from 96 to 102 inches.

How does Atwood view these changes? "There will be some additional paperwork to cope with, as well as some buyer resistance to the increased tax on Class 8s. But the 2-percent additional tax on heavy duties shouldn't impact the market too adversely.

"Overall, I think dealers benefitted from the new law. The tax savings for customers are substantial. And because the tax that remains will now be collected at the retail level, dealers will no longer have to finance tax payments."

The biggest effect the tax may have, from GM's standpoint, says Atwood, relates to how the change in length and width laws will affect buying decisions. "Truckers' inclination may be to go to the longest length they can handle and to a standard cab as opposed to the cab-over. And there may be a shift from Class 8 to 7 to avoid the tax.

"Any shift will be gradual, though," Atwood says. "And I think the industry will move rather slowly, too.

"There may be a rush to the drawing board to see how long it would take to develop a 102-inch-wide truck, but there won't be a rush to manufacture it."

Atwood says GMC will be looking to dealers to keep them posted on changes in the marketplace. "The activities of the dealer and the manufacturer are becoming more interwoven all the time," he says. "We're going to try to work more closely with the national dealer council, and individual dealers, to ensure that we stay ahead of the competition." □

## Calendar

### April

7 to 10. Ohio Auto Dealers Association Convention, Disney World, Orlando, FL

9 to 12. American Truck Dealers Annual Convention & Exposition, Sheraton Hotel, Boston, MA

10 to 12. Nebraska New Car Dealers Association Convention, Holiday Inn, Kearney, NE

10 to 12. Automobile Dealers Association of North Dakota Convention, Fargo Holiday Inn, Fargo, ND

10 to 13. Automobile Dealers Association of Alabama Convention, Broadwater Beach Hotel, Biloxi, MS.

10 to 15. Missouri Automobile Dealers Association Convention, Mountain Shadows Resort, Scottsdale, AZ

13 to 17. Orange County International Auto Show, Anaheim Convention Center, Anaheim, CA

14 to 16. Arkansas Automobile Dealers Association Convention, Excelsior Hotel, Little Rock, AR

14 to 17. Kentucky Automobile Dealers Association Convention, Griffin Gate Marriott Resort, Lexington, KY

19 to 25. Washington State Automobile Dealers Association Convention, Sheraton Waikoloa, Waikoloa, HI

26 to 30. Motor Car Dealers Association of Southern California Convention, Indian Wells Country Club, Indian Wells, CA ■

### May

1 to 3. New England Automotive Show, Northeast Trade Center, Woburn, MA

5 to 8. Arizona Automobile Dealers Association Convention, Sheraton Tucson El Conquistador Resort, Tucson, AZ

10 to 12. Southern Automotive Aftermarket Show, Georgia World Congress Center, Atlanta, GA

15 to 19. Illinois New Car & Truck Dealers Association Convention, Hyatt Hotel, Hilton Head, SC □



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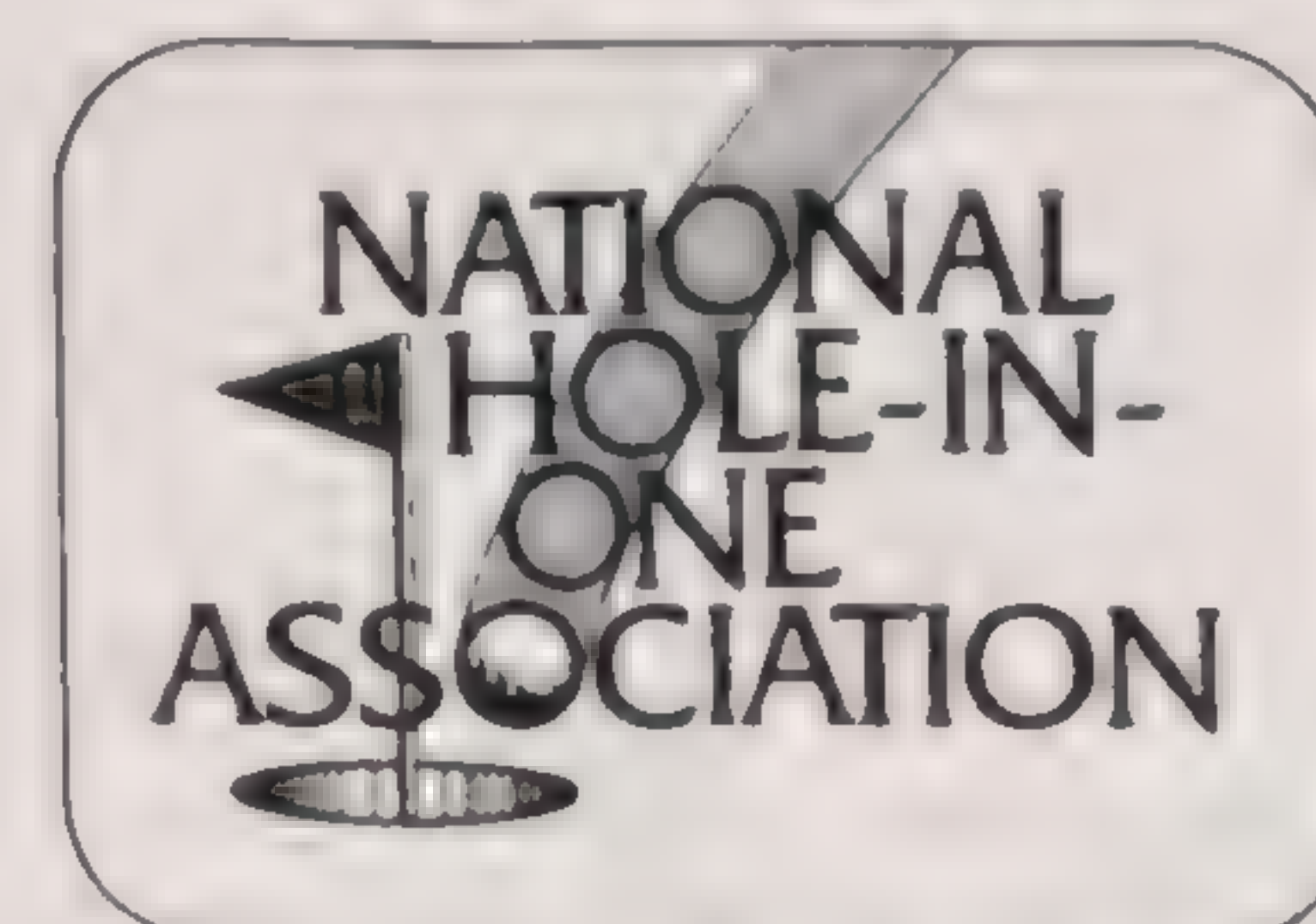
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# Five of a Kind:

The best of NADA's Convention workshops

by Joan Rubin

**T**he workshops presented at the NADA Convention in February were an enormous success, both in attendance and in content. This year's sessions were attended by 13,000 people, up from 11,000 at last year's convention. Attendees agreed that the workshops presented this year were among the best ever offered.

For those who missed some of the workshops or were unable to attend the convention, here is a recap of five of the best.

## **Success—Not Stress— At Home and Work**

This workshop, which had the best overall attendance, was presented by D. W. Holbrook, director of Home and Family Service, a center for developing, testing and promoting family life programs.

This workshop focused on helping participants learn how to "live lives that are just a little bit better." In order to accomplish this, Holbrook said, people first need to remove the stress in their everyday lives.

Holbrook emphasized that although most people cannot *control* the amount of stress on the job, they can *cope* with it if their marriages and home life are less stressful. He made the point that it's important to reduce stress levels at home, because "if you go from a high-stress job to a high-stress situation at home,

you're headed for disaster." But, if you have low stress at home, you can easily cope with stress at work and even come to find it challenging.

According to Holbrook, much family stress is caused by spouses' inability to talk their problems out. Many of the problems we have in interpersonal relationships, he said, are based on what we think about ourselves.

Holbrook discussed four concepts worth examining to improve our relations with others: self-esteem ("a negative concept—the idea of 'me first' leads to selfishness, which destroys good relationships and builds stress"); self-respect ("you have to respect yourself before you can respect others"); self-image ("you have to break free of the labels that others have hung on you and which are holding you back") and self-worth ("comes from knowing and accepting the fact that you are important.")

## **The Best Used Vehicle Ideas**

This workshop, presented by Bob Young and Bert Saylor of NADA's 20-Group Program, was also very popular. Attendees gathered to hear some of the best used-vehicle ideas from dealers in the NADA 20-Group Program and to learn how to adapt these ideas to their own businesses.

Some of the most important ideas included:

- Developing a good location. Dealers should give more emphasis to



used cars, and place them in locations visible from the street and the showroom. They should also provide an attractive sales facility for the used-car department.

- The importance of rotating inventory. Dealers should "mix up" styles and colors on the lot, and make sure cars don't sit in one place too long.

- Tracking "hot spots" on the lot. There is always at least one "hot spot" on a used car lot. To find this spot, dealers should chart their used-car lot, and every time a car is sold, mark its location on the chart. A pattern will soon emerge, and the "hot spot" will become evident. When dealers want to move a certain car, they should place it on the "hot spot" to improve exposure.

- Determining best-selling models. Certain models sell best in certain locales. A dealer should keep track of the cars that are best sellers in his area, and try to stock his inventory with those models.

- The importance of making inventory projections. To be successful in the used-car business, a dealer must know what he will need in inventory.

- The importance of training. Dealership employees must be trained to truly understand the used-car side of the business.



## Ten Forces That Will Shape Your Dealership

John J. Ferron, executive director of NADA's Industry Analysis and Dealership Operations Group, looked at what lies in store for the automobile industry in the 1980s and '90s.

The future, Ferron said, "is not a destination but rather a journey that will be unrivaled in this industry's history. It will be filled with more change and more uncertainty. But tremendous opportunity lies ahead."

In the workshop, Ferron discussed what he considers to be the 10 most important economic factors that will shape (and are, in fact, already shaping) dealerships.

Included among the 10 factors were:

- The survival of the manufacturer/distributor. In the future, the lowest-cost producers of cars and trucks will be the ones that survive. "Who produces those cars and trucks, and how, is growing in significance."

- Types of cars and trucks produced. Consumer demand will determine what types of vehicles are produced, and one feature consumers will demand above all else is quality. Because car prices will continue to increase (to an average of \$15,000 by 1990), there will be strong pressure to offer lines of lower-priced vehicles such as compact cars and mini-vans. Demand for conversions will also increase. In addition, future manufacturers will be less affected by government regulations.

- Consumer economics. "We will always have to look at whether consumers are willing to take on further debt in purchasing new cars," Ferron said.

"Our forecast this year is for a rather aggressive increase in domestic car sales, a no-growth situation for import cars, and a flat year for trucks at about 2.5 million total units. We see the total market for domestic dealers increasing from eight million last year to somewhere above nine million units."

- The information explosion. This revolution is affecting all other trends. Since dealers gather and disseminate so much information every day, they will have to stay on top of changes in information processing.

- The selling process. In the future, consumers may use computers at home or in the dealership, to shop for vehicles

and to place their orders.

- Dealership management. "The No. 1 concern of dealers today is where the managers of the future will come from . . . more attention needs to be

paid to how to develop and hold on to talent."

## How To Be A Better Communicator In Business

This workshop, led by Frank A. Patterson Jr., president of Motivational Concepts Inc., dealt with the "people" side of business. Role-playing and other audience participation was used to help dealers learn how to listen, communicate and negotiate more effectively. Patterson emphasized that there is "usually a way to say it better."

He discussed how language skills  
(Continued on page 57)

# Convention Tapes Available

Just because you didn't attend the convention doesn't mean that you can't share the great wealth of information presented at this year's workshops. Tapes and accompanying handout materials for all the workshops have been prepared by NADA's management education department. The workshop titles, by categories, are:

**Business and Money.** "Chain Operations—How to Get to Three or More;" "Computer Selection;" "The Effect of Recent Tax Rules on Dealerships;" "Expense Control;" "F&I Profit or Loss;" "Internal Control;" "Smart Money Management;" and "Ten Forces That Will Shape Your Dealership."

**Dealer/Employee.** "Dealer Image in the Community;" "Eliminating Manager Burnout;" "Common Pitfalls of Estate Planning;" "Saving Estate Taxes on Dealership Transfers;" "Use of Trusts in Dealers' Estate Plans;" "Franchise Succession Rights;" "How To Be a Better Communicator in Business;" "The Psychology of Change;" and "Success—Not Stress—at Home and Work."

**Service, Parts and Body.** "Body Shop Building;" "Parts Marketing and Control;" "Service Management—NADA Service Systems;" and "Service Merchandising."

**Sales and Leasing.** "Advertising Dollars and Sense;" "The Best Used-Vehicle Ideas from NADA 20 Groups;" "Managing the New-Vehicle Department;" "Opportunities in Leasing;" "Professional Selling;" and "The Used-Car Auction—Merchandising for Profits."

Any six cassettes are available to NADA members for \$60; \$70 for non-members. A complete set of workshop tapes is available for \$239 for NADA members and \$260 for non-members. For further information, contact The Resource Link, P.O. Box 54493, Civic Center Station, Atlanta, GA 30308, or call 1-800-241-7785. □





## Ford Probes Aerodynamics

**T**he slickest car showing up on the 1983 auto show circuit is slick indeed: Ford Motor Co.'s newest aerodynamic vehicle, the Probe IV. Don Kopka, vice-president of design for Ford, says this futuristic vehicle is unusual because it seats four passengers. Most efforts to achieve super aerodynamics have been limited to two passengers, and more than a few accommodate only the driver.

The Probe IV is also notable for its drag coefficient (the common measure of a car's slipperiness) of 0.15, half of any car in production today.

"It takes only 2.5 aero horsepower (the amount of horsepower required to overcome the drag of air) to move the Probe IV along a level highway at 50 miles an hour," Kopka says. "A 1983 Thunderbird, which has one of the lowest coefficients of drag on the road today, requires 6.2 aero horsepower to accomplish the same thing."

The Probe IV is an exciting vehicle, for a number of reasons. Among them are the methods used to achieve the low drag coefficient:

- Fully shrouded wheels. Plastic skirts over the front cut wind resistance while allowing the front wheels full maneuverability.
- There's a full belly pan under the car to cut turbulence.
- The front air dam lowers at higher speeds.
- The attitude—the relative height of the front and rear—changes with speed.
- There are no openings in the front of the car—none.

When Ford says the drag coefficient of the Probe IV is similar to that of a modern jet fighter, it owes a small debt to *Automotive News* engineering editor Roger Rowand. A year back, when writing about aerodynamics, Rowand started wondering what drag coefficient a plane like the F-15 would record if measured the same way as cars. He called some Ford engineers in St. Louis and was told "we don't know, never bothered to figure it out." But a week later they called back with an answer: "It's 0.15." The question had interested them, and they calculated the drag coefficient to satisfy their curiosity.

Ford President Donald Petersen observes that the company is finding aerodynamics to be the "most cost efficient way to improve fuel economy today." Because such styling changes are usually timed to coincide with major sheet metal changes, the gain in mileage is often nearly "free," he says.



The Probe IV was conceived at Ford's Design Center in Dearborn, MI. The car is powered by a 4-cylinder, in-line engine, mounted transversely in front. The engine transfers its power to the front wheels through a specially designed gearbox.

An on-board computer controls the pneumatic suspension to keep the car as close to the ground as possible. When driving at low speeds or in the city, the car rides 6½ inches over the road. That decreases until at 40 miles an hour the Probe IV is a scant four inches over the roadway.

At 40 miles an hour, the air dam, which is also computer controlled, drops to reduce road clearance to three inches. Simultaneously the rear of the car rises to six inches to reduce aerodynamic drag even more.

The grille openings are one of the most inefficient elements in the modern passenger car, Kopka says. Taking an imaginative attack, the Probe IV designers put the radiator and the air-conditioning condensor in the Probe's rear luggage compartment.

The air intake openings are located behind the rear wheel wells, and electric fans increase the air flow. The cooling air is exhausted out the rear of the car—a move that reduces negative turbulence in the immediate rear, and improves Cd an additional .005.

What has all the aerodynamic work been worth? There were earlier Probes I, II and III, remember.

Kopka estimates "aerodynamics has contributed more than one mile per gallon to Ford's corporate average fuel economy since 1977. We expect to get an additional 1½ miles per gallon by 1990." □

This column is prepared for *AE* by Doug Williams, a Detroit-based automotive writer. All comments or questions pertaining to this column should be mailed to: **Detroit Update**, automotive executive, 8400 Westpark Drive, McLean, VA 22102.



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# Ideas



## Ceiling System Delivers Parts

Key Chevrolet in Frederick, MD, has found that using a unique ceiling-mounted track to deliver parts to service technicians saves time and money. During the past four years, the system has also greatly increased the efficiency of the dealership's 10 service technicians.

The system consists of four cushioned wire baskets suspended from overhead tracks. Technicians call parts orders into the parts desk from one of eight intercom locations. A parts clerk then pulls the order from the shelves, puts it in one of the baskets, and sends it directly to the appropriate technician via the overhead conveyor. A technician can either grab the parts himself as the basket circles overhead or, if he's too busy, pick up the parts later at one of five "drop spots" located throughout the 35-bay service department.

"A technician can work on another car while he is waiting for his parts order instead of having to stand around the parts counter," explains Key's service manager Stanley Mann. "I'd estimate it saves each technician at least one hour per day." ☐

(Workshops from page 53)

can be used to create good feelings among customers. People often forget the actual words that are said, but they do remember the way those words made them feel.

There are three things people require to communicate effectively: attention, belief and reaction. Patterson stressed that in order to get people to react to your message the way *you* want them to, you have to use expressive skills. Tone, pace, attitude and word choice are all important.

Patterson also discussed the components of the persuasive message, and noted five ways to communicate more effectively: start with the familiar; guarantee the future; give assurances that accepting your proposal won't require the other person to give up something near and dear; present your idea as a chance to fight a common enemy; and show the other person that "he can do it."

## Eliminating Manager Burnout

This workshop was presented by Robert

Moawad, president of United Learning Institute, a private training and educational consulting firm. The subject was "burnout" and how burnout can be avoided to increase employee effectiveness.

Moawad emphasized that we live in a rapidly changing economy, which results in certain stresses and pressures. These, in turn can bring about "burnout." Moawad talked at the workshop about how to grow when changes and challenges are presented to us, and how to avoid losing one's interest and energy on the job.

Participants were shown some of the characteristics of stress-prone individuals: the tendency to overplan; the need to win; the persistent desire for recognition; an inability to relax without feeling guilty; impatience with delays; a chronic sense of time urgency; and a compulsion to overwork. Moawad compared these characteristics with those of "peak performers," who maintain a balance in their lives, and as a result, achieve greater satisfaction. ☐

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# Special Showcase: Body Shop Products

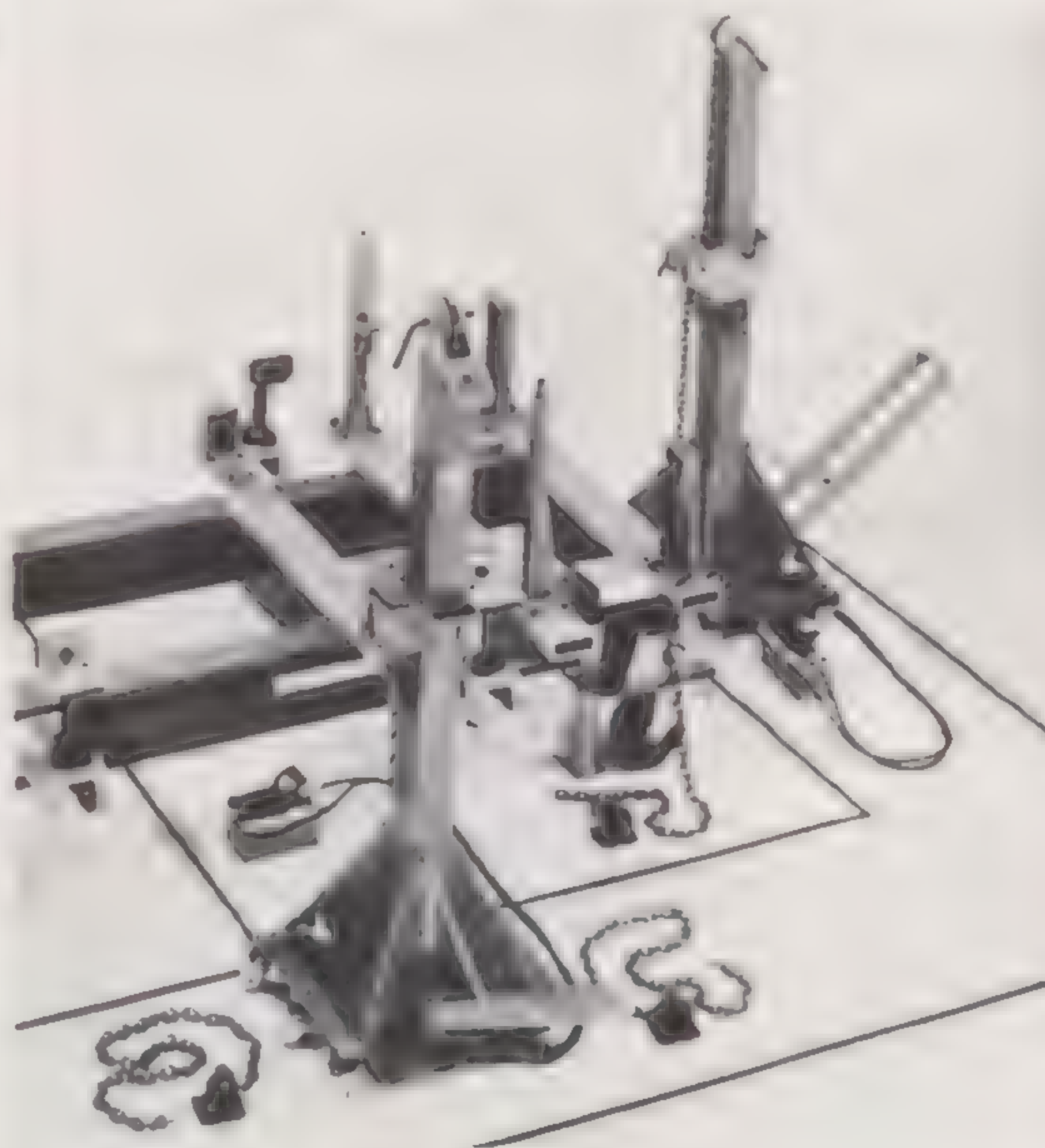


Chief Industries Inc. is introducing its E-Z Liner II **unitized body collision repair system**, which the company claims is ideal for any type of body work. The system includes a main frame (30-inch working height) with 142 reinforced tie-down boxes, a central hydraulic pump with pressure gauge, hydraulic lines and hand-held control and two independently pivoting pulling towers. Chief's patented universal anchoring system also features two portable hydraulic rams (4-inch and 6-inch) for lifting, pulling, pushing and holding. Manufacturer: Chief Industries Inc., Grand Island, NE.

For more information circle # 81

New **pulling towers** for use in collision repair shops that favor dedicated stalls and multiple pulls are now available from Sun Electric Corp. The new towers, designed for use in pairs, feature adjustable post collars that permit complete control of pulling direction. The towers feature 20 inches of chain travel, and may be used with either in-ground or above-ground rail systems or with existing in-floor pots. Manufacturer: Sun Electric Corp., Crystal Lake, IL.

For more information circle # 83



Lenco Inc. has introduced its "Plasma Arc" **cutter**, a portable, high-speed metal cutter. According to the manufacturer, the arc cutter provides fast, smooth, quiet cutting of most metals, including high-strength steels up to 5/16-inch thickness, the type used in unibody frames. Available in 208/230V single phase and other voltages, the vibration-free, convection-cooled unit has a rated output of 30 amps. Manufacturer: Lenco Inc., Jackson, MO.

For more information circle # 85

Kempak Inc. is introducing a new **paint sealant** especially designed for newly painted cars. According to the manufacturer, this product eliminates the need for waxing, resists corrosion and chemicals, filters out damaging ultra-violet rays and adds a shining lustre to the car's finish. Manufacturer: Kempack Inc., Miami, FL.

For more information circle # 82



Paulee Equipment Sales Inc. says its **universal bench** allows easy positioning of cars on the bench; checking and simultaneous pulling from all directions, and holding and checking with mechanical parts assembled or disassembled. According to the company, the bench can be used as a dedicated system with jig-fixtures, a conventional frame machine or a universal unibody machine. It can be converted to a wheel alignment machine as well as a drive-on, 4-post service lift. Manufacturer: Paulee Equipment Sales Inc., Los Angeles, CA.

For more information circle # 84

Blackhawk is introducing a new **diagnostic measuring accessory** for its Blackhawk bench to provide the advantage of both universal and dedicated measuring. The company claims this accessory can be used with the bench as a fast and accurate damage diagnosis tool, or as a reliable measuring tool for light unibody repair work. Manufacturer: Blackhawk, Applied Power Inc., Milwaukee, WI.

For more information circle # 86



*This Special Showcase section features new products for the body shop. The June special showcase features car washes; July features wheels/tires. Please send your new product release and a black-and-white photograph to: Joan Rublin, New Products Editor, automotive executive, 8400 Westpark Drive, McLean, VA 22102.*



## Showcase: What's New On The Market

According to 3M, its Scotchcal **protective laminate film** is both decorative and functional. It can be applied to lower body areas, front spoilers, rear wheelwell guards, air deflectors, bright molding inserts and any other point where impact and corrosion protection is needed. It may be applied to either contrast or blend with existing paint finishes. Manufacturer: 3M's Decorative Products Division, St. Paul, MN. ■

For more information circle # 87



Starcraft is expanding its **van conversion** line with its new "SportStar" model. The company says that this van has been designed for the economy-minded buyer who wants quality without going to the top-of-the-line model. The van is roomy and easily customized to suit individual tastes. Manufacturer: Starcraft, Topeka, IN. ■

For more information circle # 88

Tricom Systems Corp. has a line of **service management systems** designed for automobile and truck dealerships employing six or more technicians. The Tri-Freedom I dispatching and service scheduling system offers automatic scheduling, time estimating and management reports. The Tri-Freedom II, a more sophisticated version of the Tri-Freedom I, also provides instant service histories, service recommendations and labor time guides. Manufacturer: Tricom Systems Corp., Hayward, CA. ■

For more information circle # 89

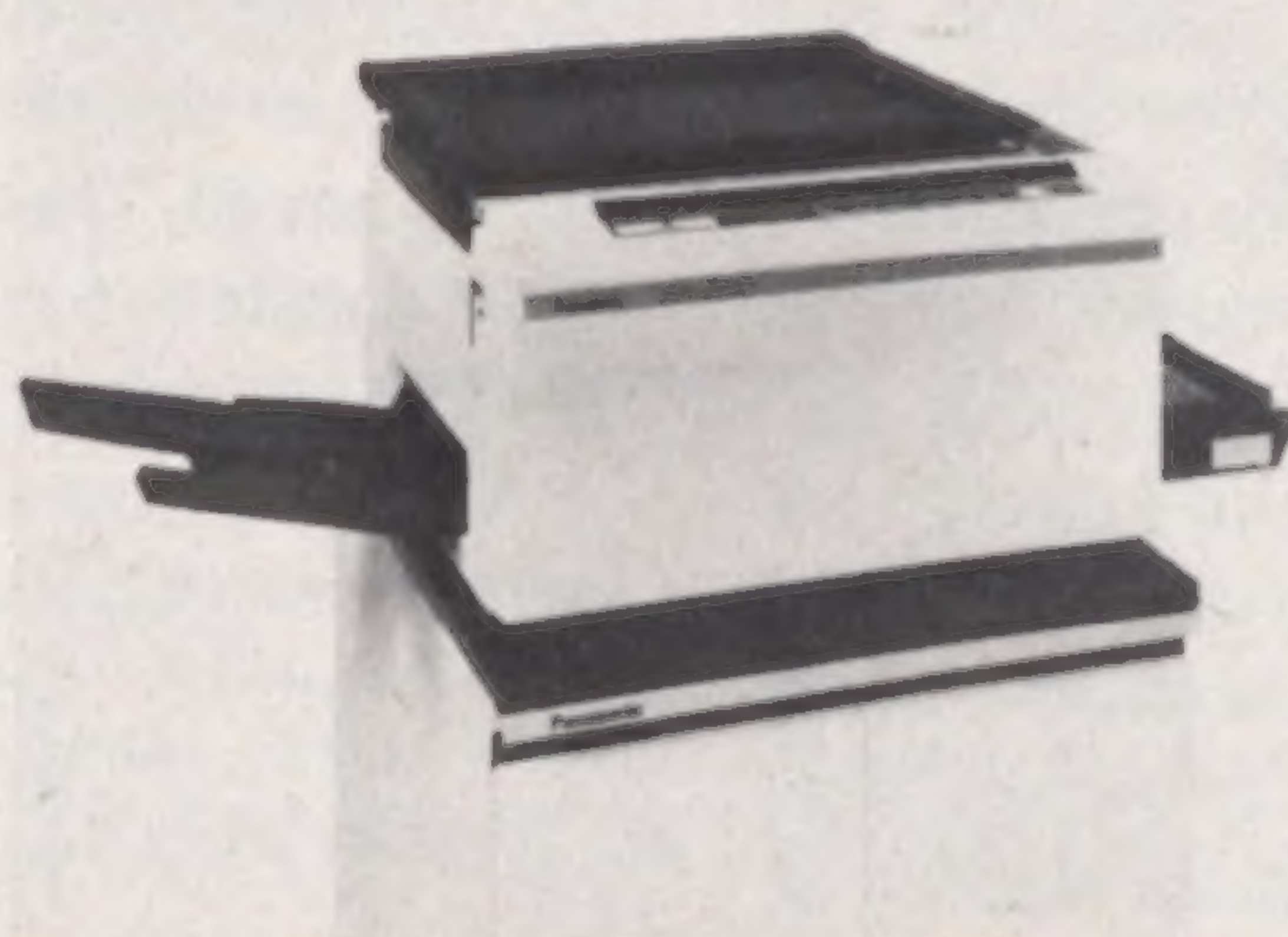


Penco Products Inc. says its **tail-pipe and muffler rack system** provides efficient use of space, solves storage problems, is easy to install and can be adjusted quickly. The system can be as tall as 10 feet and is capable of storing as many as 80 mufflers and 105 pipes per unit. Manufacturer: Penco Products Inc., Oaks, PA. ■

For more information circle # 90

A low-cost **plain paper copier**, which the manufacturer claims incorporates the latest microcomputer technology in a compact-sized unit, has been introduced by Panasonic Industrial Co. The copier is designed for use in a decentralized office. It produces 13 letter-sized copies per minute, can reproduce 4x6-inch to 10x14-inch copies and can copy on both sides of a sheet. It reproduces on most types of plain paper, including letterhead, transparencies and labels. The unit measures approximately 23x21x13 inches. Manufacturer: Panasonic Industrial Co., Secaucus, NJ ■

For more information circle # 91

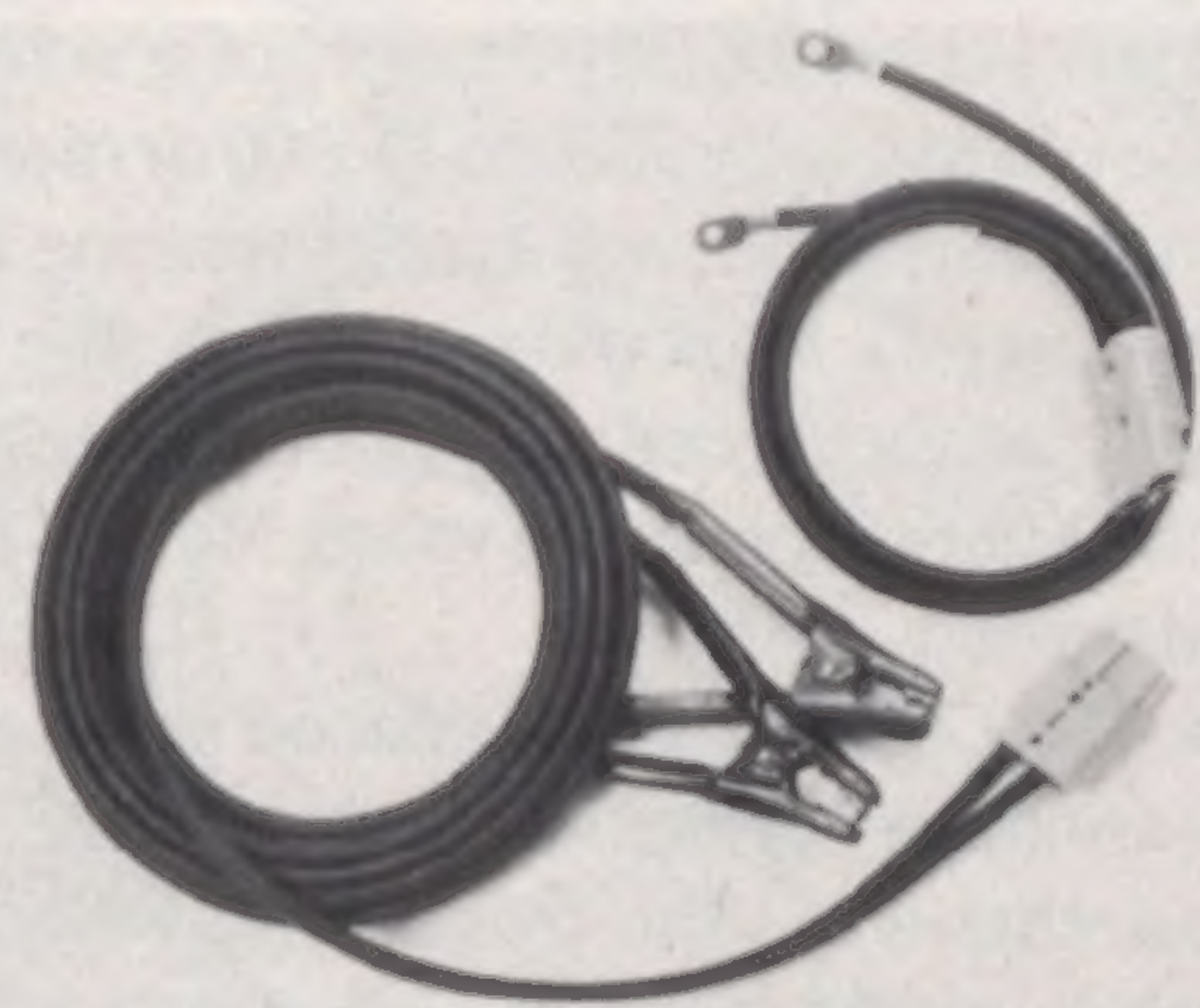


SPS Technologies is introducing a microcomputer-controlled, manually operated **ratchet wrench** with built-in electronics and readout. The manufacturer says the wrench permits accurate tightening of bolts to virtually any specification. The Sensor I wrench signals the operator audibly and visibly when tightening reaches the specified point. Manufacturer: SPS Technologies, Jenkintown, PA. ■

For more information circle # 92

A plug type **jumper cable kit** is now available from Goodall Manufacturing Co. The kit contains two sets of cables. One set, which bolts to a service vehicle's battery, has a plug connector at the end, while the second set of cables, also with a plug connector, has battery clamps. The company states that the jumper cables allow the user to plug into a service vehicle's battery quickly without raising the hood, and that the kit is ideal for parking lots, cab and truck fleets and other commercial applications with multiple vehicles. Manufacturer: Goodall Manufacturing Co., Eden Prairie, MN. ■

For more information circle # 93



New from Executive Industries Inc. is the Executive 33 **motorhome** with a 204-inch wheelbase. It features an all-new aerodynamic exterior design and new decor and floor plans. The motorhome comes with an extensive list of standard features. Manufacturer: Executive Industries Inc., Anaheim, CA. □

For more information circle # 94

*Information and photographs of products listed in Showcase have been provided via manufacturer's press releases. A product's appearance in this column in no way implies endorsement by either NADA, the NADA Services Corp., or automotive executive magazine.*



### Odometer Tampering

**R**esponsible people in the automobile sales business applaud the work of Pennsylvania Attorney General Leroy Zimmerman and his consumer protection agency for their study of the odometer tampering problem.

Odometers are simple for a knowledgeable mechanic to adjust. Take some ordinary tools, an hour's time, and it's done. If that's too tough, there's an out-of-state shop that will do the job for \$35, return mail.

A very substantial percentage of high-mileage, late-model cars have odometers adjusted before they hit the retail lot. Dealers find it impossible to be competitive selling high-mileage cars in such a market. Some dealers, ourselves included, sell high-mileage, late-model cars only to wholesale buyers. One "attaboy" will be awarded to each reader who can find a late-model car for sale at a new or used dealership within 25 miles that has more than 20,000 miles per year on the odometer.

Ordinary consumers simply cannot distinguish between altered cars and genuine, low-mileage cars.

The results of this situation contain some surprises. For example:

- The biggest beneficiaries are the big corporate fleets. As ethical as they may be, they sell their used cars to the highest bidder. When the application of a screwdriver increases the value of the car by \$500 to \$1,000 or more, you may be assured the highest bidder will know someone with a screwdriver.

- Contrary to popular opinion, the man with the screwdriver (although certainly not blameless) is not getting richer by the entire increase in value. Most of that money goes to the fleet owner.

- The consumer gets fleeced in the obvious way by paying "low-mileage" prices for "high-mileage" cars, but he also loses in another way. The owner who wishes to trade in his low-mileage car finds the market awash with similar cars, and is unable to get the premium he deserves.

- The manufacturers of cars ignore the situation, for they can't afford to be less competitive in the fleet marketplace, which buys hundreds of thousands of cars each year.

The real underlying cause of the whole problem is that the law is not being enforced. Sure, it's against the law to tamper with odometers in Pennsylvania. It is in other states, too. But the stakes are so high that the people with screwdrivers get very creative. By moving cars and/or titles from one jurisdiction to another, the legal trail is made very murky, and the penalties if one is caught are modest.

What should be done? Obviously, the penalties should be stiffened. In addition, legislation has been introduced in Congress which will establish some measure of uniformity among states in how to report mileage to consumers. Car owners' registration cards will be required to list the odometer reading at

each prior transfer of title, and at each prior annual registration. Thus each owner will carry a history of his car's use, which will be visible to any purchaser. Similar legislation is now already in place in Louisiana.

**Gregory Sutliff**  
**Sutliff Chevrolet Co.**  
**Harrisburg, PA**

#### The Return of the Henry J

Your article about the Henry J in the January issue brought back many memories.

As a 10-year-old growing up in the early '50s in San Antonio, TX, I recall that a similar car was sold by Sears under the brand name "Allstate." Sears had its own showrooms for these vehicles, which were almost identical to the Henry J.

As dealers face increased competition from mass merchandisers for service business, they may be heartened to remember Sears' ill-fated attempt to sell cars.

Thanks for taking us back to the "good old days."

**Tom Knapp**  
**Knapp Ford Sales Inc.**  
**Woodville, TX**

#### "Small Town Dealer" Responds

I very much enjoyed the article on "The Small Town Dealer" (February 1983). There are *lots* and *lots* of us in small towns, towns with populations even smaller than 14,000 as in the article. We're not selling 1,000 or 2,000 new cars a year, but 100 to 300. It's nice to read articles that relate to smaller volumes and situations.

I'm sure many NADA members fall into the "smaller" category. Good article!

**Bill Stearns**  
**Bill Stearns Motors Inc.**  
**Ladysmith, WI**

#### Future Dealer Sends Kudos

I believe your publication is one of the finest around. It tells me virtually everything I need to know to keep up with the business.

Right now I work as a salesman for Al Johnson Cadillac, Saab & Mitsubishi in Tinley Park, IL. It's a great place to work with super people. Very shortly I will be 30 years old. By the time I am 40, I hope to have a Cadillac, Oldsmobile and GMC store located in sunny Scottsdale, AZ, far from the snowdrifts of Chicagoland.

Anyhow, I just wanted to write and say that your magazine is super. Keep up the good work.

**Tom Stiles**  
**Al Johnson Cadillac**  
**Tinley Park, IL**



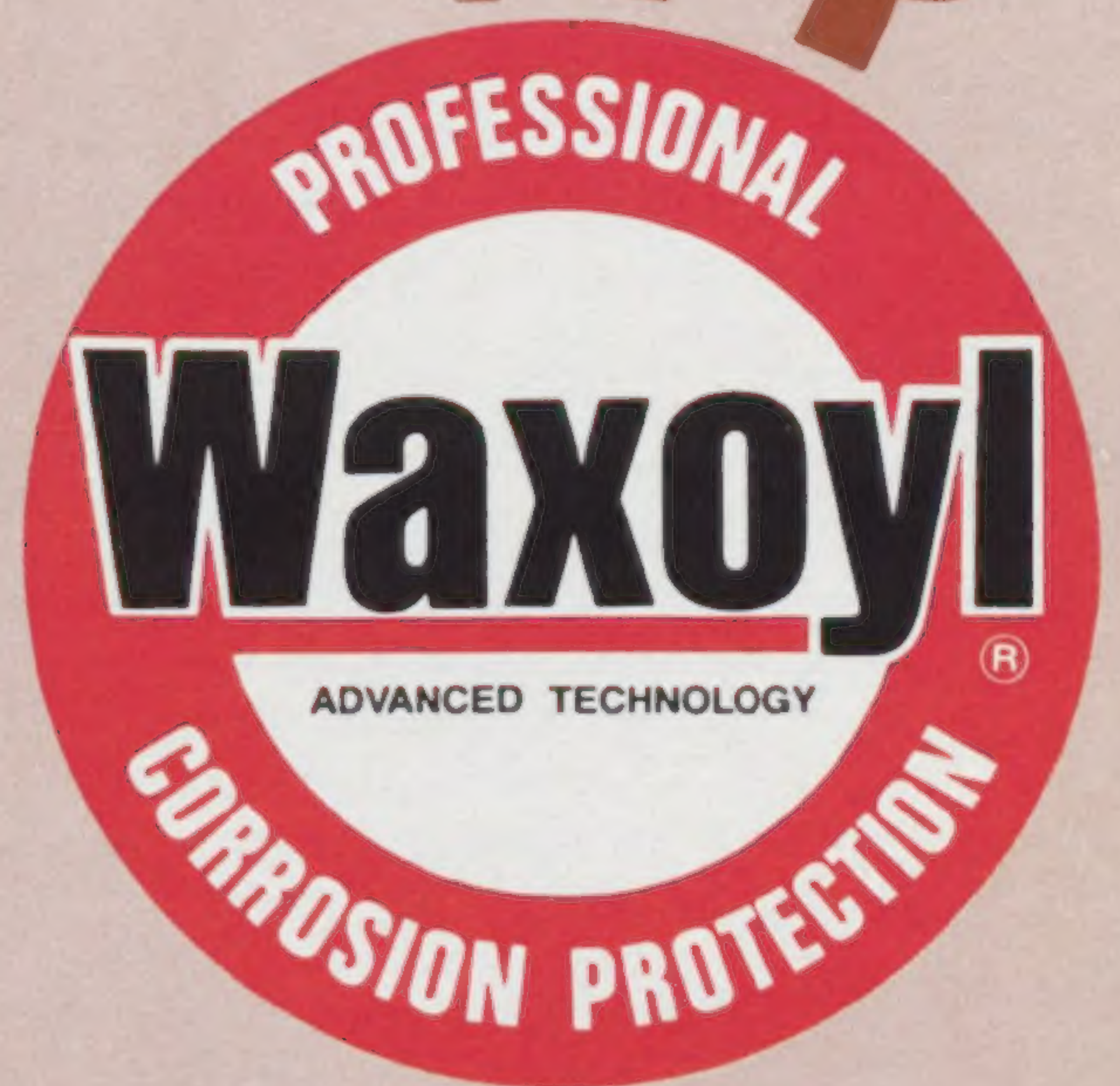
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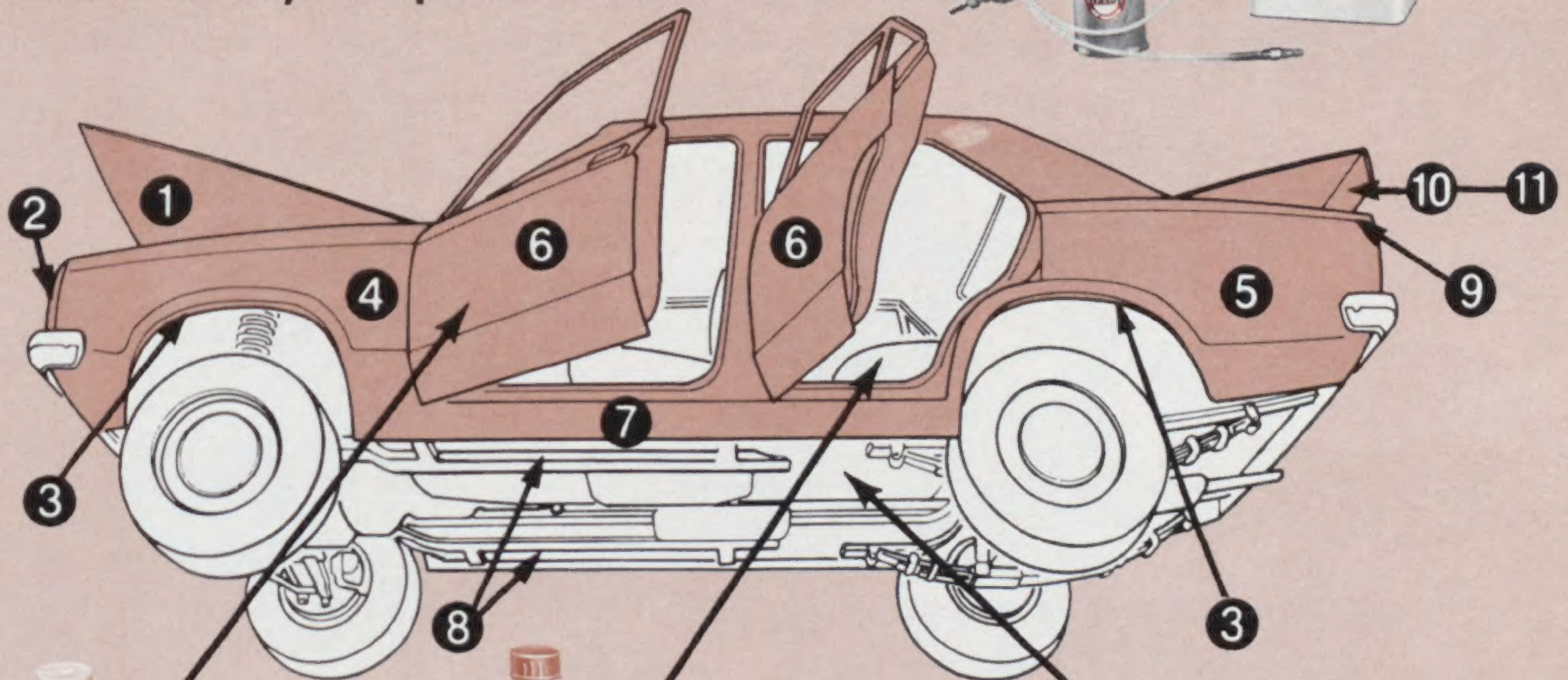
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For more information circle # 25





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